



City of Mansfield, Texas
Comprehensive Annual Financial Report
For Fiscal Year Ended September 30, 2015



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2015

Prepared by:

Business Services Department

City of Mansfield, Texas
Comprehensive Annual Financial Report
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1200 E. Broad Street
Mansfield, Texas 76063
817-276-4200

February 17, 2016

To the Honorable Mayor,
Members of City Council, and
Citizens of the City of Mansfield, Texas

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Mansfield, Texas (the City) for the fiscal year ended September 30, 2015.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by KPMG, LLP, a firm of licensed certified public accountants. The purpose of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2015 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2015 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provides a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City, incorporated in 1890, is located in the southeastern portion of Tarrant County, with small areas of the City extending into Johnson and Ellis counties, and is considered to be one of the top

growth areas in the Dallas/Fort Worth Metropolitan Area (Metroplex). The City currently occupies a land area of 36.6 square miles and serves an approximate population of 60,180. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City is a home rule-city and operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and six other members. The governing council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the City's manager. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected on a nonpartisan, at-large basis. Council members serve three-year staggered terms so that at least two members are elected every year. The Mayor and each Council member, unless sooner removed under the provisions of the City Charter, hold office until a qualified successor is elected. Regular terms of office commence at the beginning of the first regular meeting of the Council in May or following the final election as provided in Section 4.05 (Charter Amendment of August 11, 1979).

This report includes all funds of the City. The City provides a full range of services. These services include police and fire protection; sanitation services; the construction and maintenance of highways, streets, traffic engineering, and infrastructure; planning and zoning; general administrative services; water treatment and distribution; sewer service; drainage enhancements and improvements; and recreational and cultural activities. In addition to general government activities, the Mansfield Park Facilities Development Corporation and the Mansfield Economic Development Corporation are required to be included in the City's reporting entity. For additional information, see note I.A. of the notes to financial statements.

The annual budget serves as the foundation for the City's financial planning, financial policies, and financial control. All agencies of the City are required to submit requests for appropriation to the City Manager. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the Council for review prior to September 1. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 15. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). However, the statutory authority or legal level of control for the authority of annual expenditures is appropriated at the fund level by the City Council. Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the governing council, if requested by the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 81 as part of the required supplementary information. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the combining and individual fund statements and schedules section, which starts on page 84.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economy

The City currently enjoys a favorable economic environment and local indicators point to continued stability even though the national economy has been recovering from the great economic recession over the past several years. The region has a varied manufacturing and industrial base that adds

to the relative stability of the unemployment rate. The current unemployment is well below the national average.

Industry

Mansfield has a large industrial area within the City with rail service and adequate water storage to meet fire protection and other demands. The City is not financially dependent upon any one industry or type of industry. See page 105 in the Statistical Section for further information on principal taxpayers. The City recognizes the value of industry to its economic base and continues to seek industry that will be beneficial to the City. Beginning in fiscal year (FY) 1997, the Mansfield Economic Development Corporation, funded by a 1/2 cent sales tax, provides funds for economic development, including financial incentives, infrastructure needs, and tax relief through the City in the recruitment and retention of industry. Recent accomplishments in locating major businesses such as Methodist Hospital and Kline Tools are indicative of the accomplishments of the economic development program.

Transportation

The City is traversed east and west by U.S. Highway 287, and north and south by State Highway 360. The City has direct access to Interstate Highway 20 and Interstate Highway 30. Railroad freight service is provided by Union Pacific Railroad. The City is located approximately 30 miles south of the Dallas/Fort Worth International Airport.

Education

The City is served by the Mansfield Independent School District, one of the highest rated school districts in the Dallas/Fort Worth metropolitan area by the Texas Education Agency. The City has five high schools (Grades 9 to 12), six middle schools (Grades 7 and 8), six intermediate schools (Grades 5 and 6), and 23 elementary schools (Grades K - 4). Enrollment for the 2014/2015 school year was approximately 33,762. The District maintains a pupil-teacher ratio of 22:1 for elementary, a 27:1 ratio for intermediate, and a 28:1 for secondary education and career tech center. Colleges within close proximity to the City are Tarrant and Dallas County Junior Colleges, Southern Methodist University, Dallas Baptist University, University of Dallas, University of North Texas, Texas Women's University, University of Texas at Dallas, University of Texas at Arlington, and Texas Christian University, all of which are well known for their educational standards.

Medical Services

Full service medical service is provided by Methodist Health System, and limited-service care is provided by Vencor Hospital and Cook Children's Clinic. Other full-service hospitals in the immediate area include Medical Center of Arlington, Arlington Memorial Hospital, Hughley Memorial Medical Center, Harris Methodist Hospital, Cook Children's, and John Peter Smith Hospital.

Area Economic Condition

Mansfield, located in the Dallas/Fort Worth Metroplex, and included as one of the 13 cities that comprise the Mid-Cities, continues to grow and develop. The overall outlook for Mansfield in the future is positive. The City is traversed by State Highway 360 and U.S. Highway 287.

The major benefits to the City of State Highway 360 are as follows: direct north and south access to the Dallas/Fort Worth International Airport in 20 minutes; the potential of expanding the City's commercial/industrial and residential developments along the corridor of State Highway 360, as well as the numerous industrial parks located within the close proximity of State Highway 360 and U.S. Highway 287 intersection.

Over the past several years, the City and the local economy have experienced increasing property values and sales tax revenues. Current real estate values are trending upward, and the City is continuing to experience positive growth in residential, industrial, and commercial properties.

Long-Term Financial Planning

The City of Mansfield, Texas has a Long-Term financial plan that includes ten years of projected financial data. The plan is intended to guide management in the daily decisions of managing the City's business matters and long-term capital projects. The plan assembles the visions of City Council, Management and City Staff, into a working plan that allows the vision of the City to be implemented over the course of time. The plan includes variables that allow for current and projected economic factors including:

- ☐ Review population growth projections
- ☐ Identify potential high-growth areas
- ☐ Specify major infrastructure improvements
- ☐ Analyze the financial impact of the improvements
- ☐ Comprehensive planning documents, Land Use Plan, Thoroughfare Plan, Water & Sewer master plan

The Council adopted the plan in November 2000, and it has been revised, modified, and amended since the original adoption of the plan.

Awards and Acknowledgments

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2014. This was the 28th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the government also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated October 1, 2014. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Clayton W. Chandler", written over a horizontal line.

Clayton W. Chandler
City Manager

A handwritten signature in blue ink, appearing to read "Peter K. Phillis, CPA", written over a horizontal line.

Peter K. Phillis, CPA
Deputy City Manager

A handwritten signature in blue ink, appearing to read "Troy M. Lestina", written over a horizontal line.

Troy M. Lestina
Assistant Director of Business Services



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Mansfield
Texas**

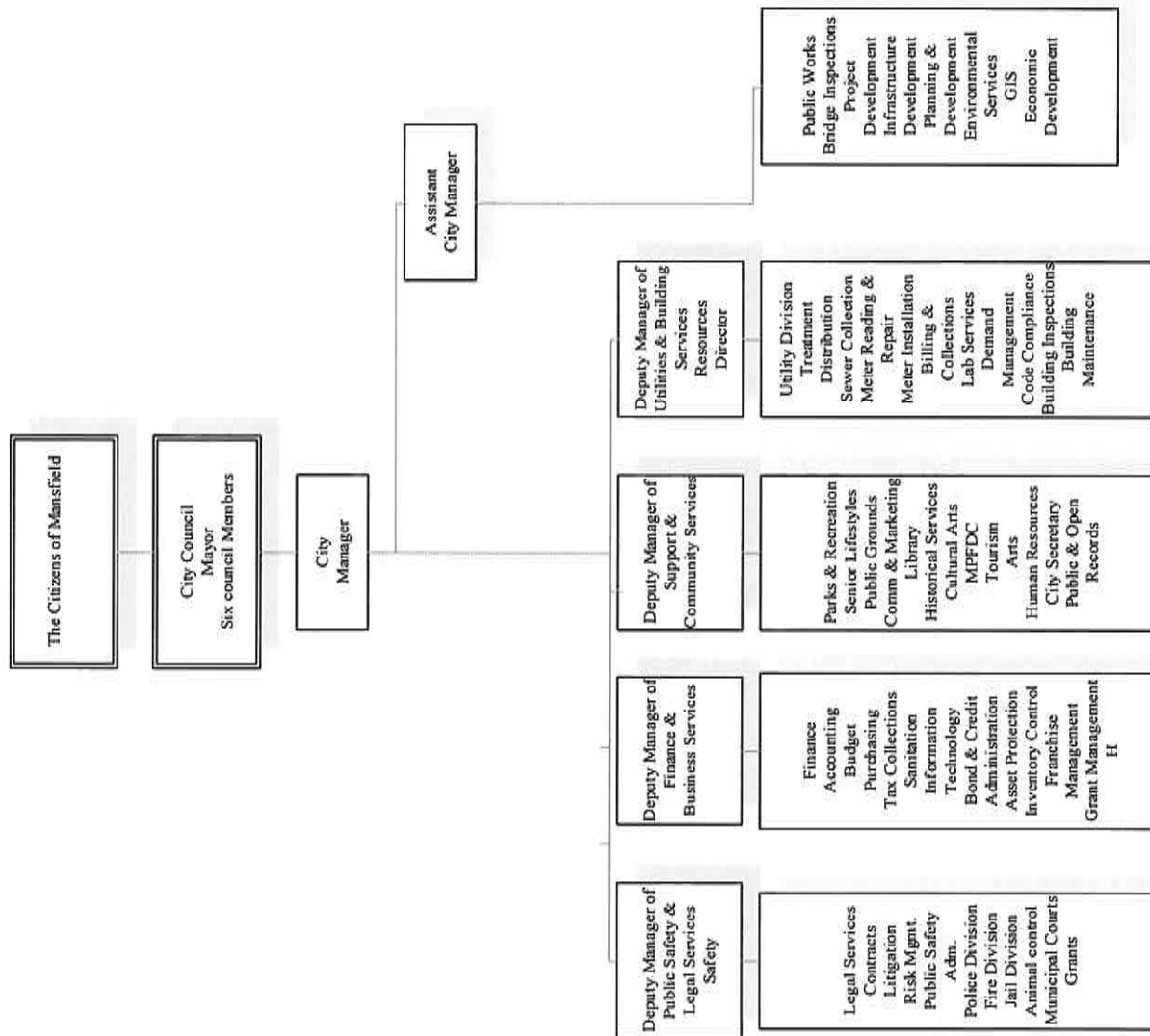
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is fluid and cursive.

Executive Director/CEO

City of Mansfield, Texas Organizational Chart



CITY OF MANSFIELD, TEXAS

PRINCIPAL OFFICERS

SEPTEMBER 30, 2015

MAYOR

David Cook

MAYOR PRO TEM

Brent Newsom

CITY COUNCIL

Stephen Lindsey

Darryl Haynes

Wendy Burgess

Cory Hoffman

Larry Broseh

CITY MANAGER

Clayton W. Chandler

ASSISTANT CITY MANAGER

Chris Burkett

DEPUTY CITY MANAGER

Peter K. Phillis, CPA

ASSISTANT FINANCE DIRECTOR

Troy Lestina



KPMG LLP
Suite 1400
2323 Ross Avenue
Dallas, TX 75201-2709

Independent Auditors' Report

The Honorable Mayor and Members of the City Council
City of Mansfield, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mansfield, Texas (the City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mansfield, Texas, as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matters

As discussed in note I to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, combining and individual nonmajor fund financial statements and schedules, capital assets used in the operation of governmental funds schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and capital assets used in the operation of governmental funds schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and capital assets used in the operation of governmental funds schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

KPMG LLP

Dallas, Texas
February 17, 2016

Management's Discussion and Analysis

As management of the City of Mansfield (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The City's net position or assets and deferred outflows less its liabilities at the close of the City's fiscal year is approximately \$416 million. Of this amount, approximately \$15 million may be used to meet the government's ongoing obligations to its citizens and creditors.
- The City recognized approximately \$126 million in revenue from various sources of taxes, services, and capital contributions and recognized approximately \$102 million in expenses in servicing the City's governmental and business enterprises.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of approximately \$48 million. Approximately 25% of this \$48 million is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was approximately \$12 million or 27% of total general fund expenditures.
- The City's total debt obligations increased by \$.4 million (.22%) during the current fiscal year. This is from approximately \$45.6 million in new and refunding bond proceeds offset by \$45.2 million in scheduled principal payments and payments to escrow agents during the year. The key factors affecting the City's debt position are as follows:

General Obligation Refunding Bonds of \$11.7 million for annual savings on principal and interest payments of refunded bonds and the issuance of Certificates of Obligation of \$15.9 million for the purpose of street improvements and other public purposes.

Water and Sewer Revenue Refunding Bonds of \$9.5 million for annual savings on principal and interest payments of the refunded bonds.

Sales Tax Revenue Refunding Bonds of \$8.5 million for annual savings on principal and interest payments of refunded bonds.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on the City's assets less liabilities as the City's net financial position, or remaining net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City include a Water and Sewer Fund, Law Enforcement Center Fund, and Drainage Utility Fund.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate Mansfield Economic Development Corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The Mansfield Parks Facilities Development Corporation, although also legally separate, functions for all practical purposes as a department of the City and, therefore, has been included as an integral part of the primary government. The City has two Tax Increment Financing Reinvestment Zones (TIRZs), both legally separate entities, which are geographically defined regions within the City limits established by the City. The purpose of the reinvestment zone is to pay for the public's infrastructure to be owned by the City within the region. The TIRZs are an integral part of the primary government.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 11 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the street construction fund, the building construction fund, and the TIRZ Fund #1, all of which are considered to be major funds. Data from the other 6 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds are provided in the form of combining statements elsewhere in this report.

Proprietary Funds

The City maintains three different proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewer Fund, Law Enforcement Center Fund, and Drainage Utility Fund.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, the Law Enforcement Center Fund, and the Drainage Utility Fund, all of which are considered to be major funds of the City.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

The City adopts an annual appropriated budget for its general fund and both debt service funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget. In addition to the basic financial statements and accompanying notes, this report also presents certain information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$415,796,974 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (85.20%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets:						
Current and other	\$ 59,797,022	\$ 51,889,936	\$ 34,815,904	\$ 40,014,764	\$ 94,612,926	\$ 91,904,700
Capital	343,187,423	321,912,487	181,766,243	173,177,023	524,953,666	495,089,510
Total assets	402,984,445	373,802,423	216,582,147	213,191,787	619,566,592	586,994,210
Deferred outflows:	4,781,231	1,147,989	1,940,893	543,902	6,722,124	1,691,891
Liabilities:						
Long-Term	140,369,662	119,471,866	55,559,635	56,096,077	195,929,297	175,567,943
Other	10,063,848	7,465,487	4,498,597	4,068,144	14,562,445	11,533,631
Total liabilities	150,433,510	126,937,353	60,058,232	60,164,221	210,491,742	187,101,574
Net investment in capital assets	221,995,373	210,129,999	132,272,649	119,190,128	354,268,022	329,320,127
Restricted	33,782,085	29,294,497	12,817,081	12,548,222	46,599,166	41,842,719
Unrestricted	1,554,708	8,588,563	13,375,078	21,833,118	14,929,786	30,421,681
Total net position	\$257,332,166	\$248,013,059	\$158,464,808	\$153,571,468	\$415,796,974	\$401,584,527

As of September 30, 2015, a portion of the City's net position, \$46,599,166 or 11.21% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$14,929,786, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reports positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

City's Changes in Net Position

	Governmental Activities		Business Activities		Total	
	2015	2014	2015	2014	2015	2014
Beg - Net Position	\$240,188,088	\$232,461,533	\$150,788,166	\$147,808,243	\$390,976,254	\$380,269,776
Revenues	\$82,807,443	\$78,674,294	\$43,653,775	\$41,053,261	\$126,461,218	\$119,727,555
Expenses	66,582,536	63,933,300	35,057,962	34,479,504	101,640,498	98,412,784
Transfers, net	919,171	810,532	(919,171)	(810,532)	-	-
Net Change in Position	17,144,078	15,551,526	7,676,642	5,763,225	24,820,720	21,314,771
End - Net Position	\$257,332,166	\$248,013,059	\$158,464,808	\$153,571,468	\$415,796,974	\$401,584,527

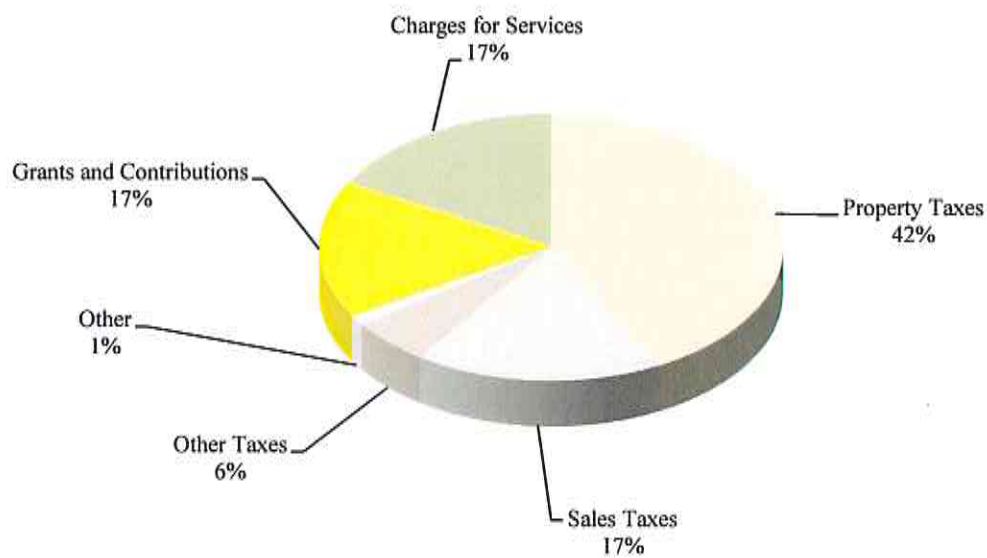
Beginning fiscal year 2015, net position was restated as required by Governmental Accounting Standards Board, Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. The Standard states that the City is required to restate its beginning net positions as it reports the City's net pension obligation for the prior year. The adjustment reflects the restatement and the effect on the City's net position. The Governmental Accounting Standards Board issued Statement 68 and declared it effective for all governmental reporting bodies. The required effective date for implementing this new reporting standard for the City is fiscal year 2015. The total impact to net position for the City from the implementation of the new reporting standard is \$10,608,273.

Governmental Activities

City governmental activity revenue for fiscal year 2015 increased \$4.1 million from fiscal 2014. Revenues in fiscal year 2014 were \$78.7 million compared to this fiscal year revenue of \$82.8 million. The increases were from the City's reaction to the overall economy. The economy delivered better results for the City during fiscal year 2015. The increases came from new property taxes from new development, sales taxes and better than expected collections from improved franchise fees. Most of these increases were modest

increases over prior year and primarily related to the improvements in the overall economy and the growth in the City's property improvements from the fiscal year ended 2014.

Governmental Activities - Revenues by Source for fiscal year ending 2015



Expenses in fiscal year 2015 compared to expenses in fiscal year 2014 increased by 4.14% or \$2.7 million. The demand for services increased funding in fiscal 2015 compared to prior year. The increases: legal services, infrastructure costs and public safety have been a priority of the administration in recent years. The increases occurred in public safety primarily because the department added new personnel and it has the greatest number of employees working for the City; the increase in public works was related to additional expenses for aging streets.

The public works program of the City spends most of its money on street improvements, which are recognized over the course of time through depreciation expense after the improvements have been capitalized. In fiscal 2015, the City recognized \$10.05 million in depreciation expense for street-related assets. Street improvements are expected to last twenty-five years with the appropriate level of maintenance and repair. This year, the City spent over \$2.5 million in maintenance and repairs on its 245 plus miles of linear streets.

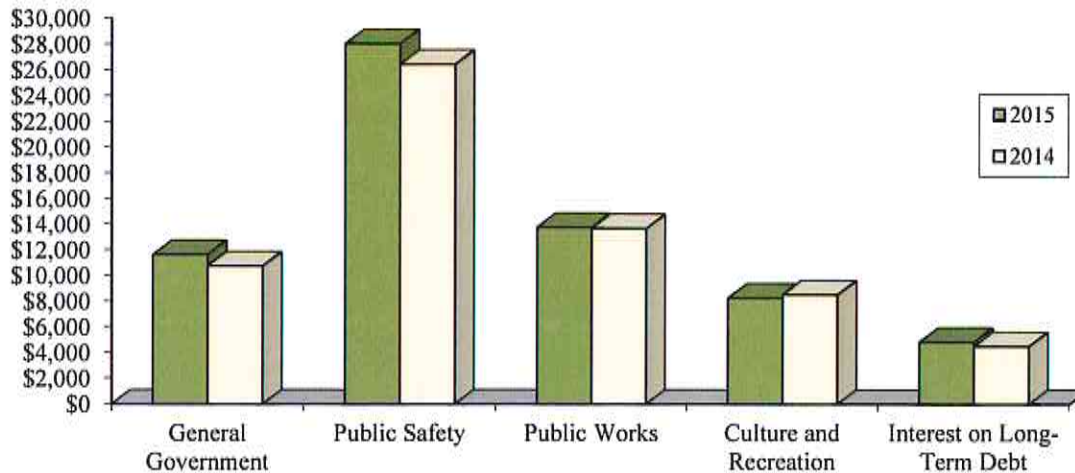
This year the City recognized \$4.8 million in interest expense. Interest expense is the cost the City incurs for borrowing money to make long-term improvements that are generally regarded as long-term assets of the City.

This fiscal year, the Governmental activities increased the City's net position by \$17.1 million. The increase in the City net position primarily occurred because of capital contributions received by the City in the amount of \$13.4 million. The City's change in net position increased \$16.3 million before transfers in fiscal year 2015.

City's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
REVENUES -						
Program Revenues:						
Charges for Services	\$14,243,888	\$14,294,018	\$40,963,638	\$39,056,610	\$55,207,526	\$53,350,628
Operating grants and Contributions	556,952	347,709	451,799	273,119	1,008,751	620,828
Capital Grants and Contributions	13,380,396	11,962,132	2,221,176	1,701,114	15,601,572	13,663,246
General Revenues:						
Property taxes	35,306,939	33,243,790	-	-	35,306,939	33,243,790
Sales taxes	14,563,461	13,592,946	-	-	14,563,461	13,592,946
Other taxes	4,712,119	4,470,549	-	-	4,712,119	4,470,549
Other	43,688	763,150	17,162	22,418	60,850	785,568
Total Revenues	82,807,443	78,674,294	43,653,775	41,053,261	126,461,218	119,727,555
EXPENSES -						
General government	11,647,954	10,759,471	-	-	11,647,954	10,759,471
Public safety	28,057,591	26,457,942	-	-	28,057,591	26,457,942
Public works	13,765,132	13,681,970	-	-	13,765,132	13,681,970
Culture and recreation	8,268,412	8,529,149	-	-	8,268,412	8,529,149
Interest on debt	4,843,447	4,504,768	-	-	4,843,447	4,504,768
Water and Sewer	-	-	23,550,961	23,037,636	23,550,961	23,037,636
Law Enforcement	-	-	10,357,169	10,070,406	10,357,169	10,070,406
Drainage	-	-	1,149,832	1,371,462	1,149,832	1,371,462
Total Expenses	66,582,536	63,933,300	35,057,962	34,479,504	101,640,498	98,412,804
Subtotal	16,224,907	14,740,994	8,595,813	6,573,757	24,820,720	21,314,751
TRANSFERS, net	919,171	810,532	(919,171)	(810,532)	-	-
Subtotal	17,144,078	15,551,526	7,676,642	5,763,225	24,820,720	21,314,751
NET POSITION,						
Beginning	240,188,088	232,461,533	150,788,166	147,808,243	390,976,254	380,269,776
Ending	\$257,332,166	\$248,013,059	\$158,464,808	\$153,571,468	\$415,796,974	\$401,584,527

Governmental Activities – Expenses (in thousands)



Business-Type Activities

Revenues exceeded expenses for the City's business-type activities in fiscal year 2015. Total revenues including capital contributions were approximately \$43.7 million and total expenses including interest expense were approximately \$35.1 million while equity transfers were approximately \$.9 million which added approximately \$7.7 million to the Business-Type's net financial position. This increased the net position of the business-type activities from approximately \$150.8 million to approximately \$158.5 million by the end of fiscal year 2015.

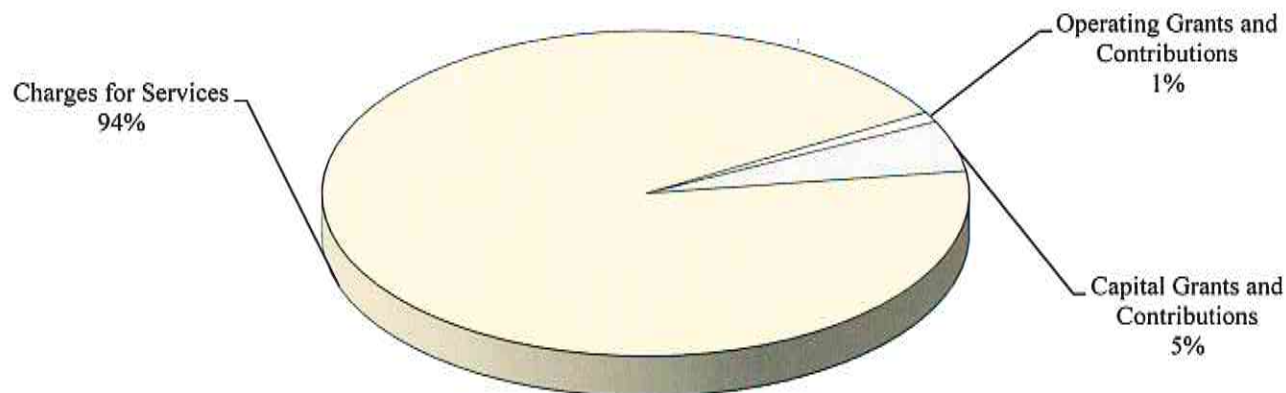
Comparatively, Business-Type Revenues exceeded prior year Business-Type Revenues by 6.34% or \$2.6 million. Revenues including capital contributions for fiscal year 2015 were approximately \$43.7 million and revenues including capital contributions for fiscal year 2014 were approximately \$41.1 million. Expenses including interest for fiscal year 2015 were approximately \$35.1 million before equity transfers of approximately \$.9 million and expenses including interest expense for fiscal year 2014 were approximately \$34.5 million before equity transfers of approximately \$.8 million. The increase in net position was primarily the result of the activity of the City's Water & Sewer Fund as the financial results of the City's other Business-Type Funds, Law Enforcement Center Fund, and Drainage Utility Fund, for fiscal year 2015 were less than one percent of the change in the net position of the City's Business-Type Activities.

Capital contributions have been a revenue source for the Business-Type Activities. These capital contributions are from the public improvements donated by developers. The City requires developers to pay for the cost of public improvements or infrastructure needed to support their developments, and in fiscal year 2015, developers contributed public improvements or assets of \$2,221,176. These assets are considered revenue in the year of acceptance or in the year of contribution. Generally, these capital contributions are non-cash contributions from developers and are in the form of water and sewer lines which are conveyed to the City as the developer finishes the developments.

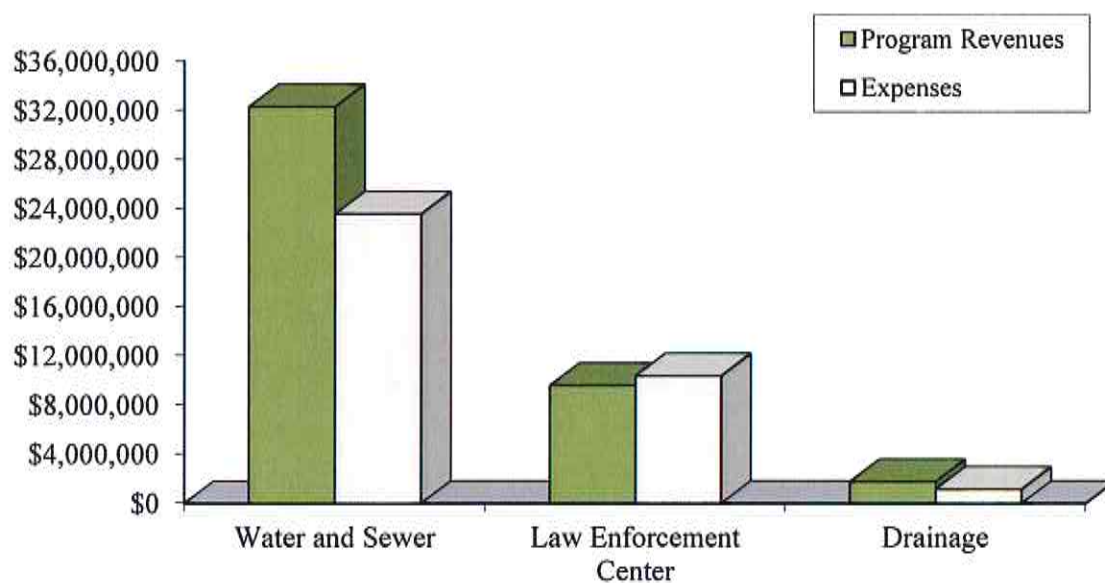
The City's Law Enforcement Center charges a fee for the Services rendered to support the contracts that the City has with other governmental agencies for the housing of inmates. These fees are recognized as Charges for Services in the Business-Type Activities and are used to pay for the cost of housing inmates in this Business-Type Activity.

The City's Drainage Utility charges a fee for the maintenance and continuance of the drainage improvement program of the City. The City has drainage basins that require extensive maintenance. The fee is used to service the improvement cost, debt service, and annual maintenance of the basins.

Business-Type Activities – Revenues by Source for fiscal year ending 2015



Business-Type Activities - Program Revenues and Expenses for fiscal year ending 2015



Financial Analysis of the Government's Funds

As discussed earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$48,428,389, an increase of \$5,262,525 in comparison with the prior year. The increase is from bond proceeds that will be used to construct infrastructure and purchase equipment. Approximately 24.82% or \$12,020,382 of the ending fund balance of \$48,428,389 constitutes unassigned fund balance and is available for spending at the government's discretion. The remainder of fund balance is dedicated for legally specific or defined purposes. To indicate that it is not available for new spending because it has already been committed, defined or legally restricted for specific purposes, the City has labeled the remaining fund balances as follows: 1) prepaid expenses and inventory items, \$61,228; 2) debt service or for future construction contracts, \$32,472,522; 3) for committed purposes, \$3,708,875, such as park improvements; and 4) for assigned purposes, \$165,382, such as capital improvements and land acquisition.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the fund balance of the general fund was \$12,020,382. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance and total fund balance represent 26.63% of total general fund expenditures.

The City's unassigned fund balance and fund balance increased \$363,364 in fiscal year 2015. The key reasons for the increases are as follows:

- Actual revenues exceeded actual expenditures by \$510,182 in the general fund.
- The City transferred \$1,023,718 to the Equipment Replacement Fund in fiscal year 2015. These costs are recognized as an expense and included as Other Uses for fiscal year 2015. The City transferred these funds with the intent of purchasing equipment.
- Other Sources of revenue included the Water and Sewer Utility Fund's payment in-lieu of taxes to the City's General Fund for the use of the City's right of way. This amount was \$810,532 in fiscal year 2015.
- The City operating expenses increased because of the City's goal to maintain a quality workforce. Funds were spent to maintain the workforce and maintain the morale through the administration of compensation. The primary increases are in the City's Public Safety function as most of the employee group is in the City's Public Safety function. The City has maintained a conservative strategy in managing the human resources of the City. Overall, a few new personnel were added during fiscal year 2015 and personnel costs were managed and funded based on demand for services.

The debt service fund has a fund balance of \$726,099, which is restricted for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$129,669. The City generally budgets to maintain a constant fund balance within the debt service fund during the fiscal year, and any excess collection in a year is generally spent or used in the following year. The City pays for tax-pledged debt through the Debt Service Fund.

The street construction fund balance increased by \$6,684,210 during fiscal year 2015. This fund's fund balance increased as a result of bonds issued and contributions received offset by construction payments of \$7,536,882 for the improvement of major streets and neighborhood streets in and throughout the City. Other activity within the street construction fund included additional revenues from development fees charged by the City for the impact or costs that new development has on primary streets within the City. This fee generated \$1,587,896 in fiscal year 2015.

The building construction fund expended \$2,708,623 for the construction of the tactical training center and expansion of the emergency dispatch center.

TIRZ #1 spent \$6,053,404 for significant infrastructure improvements in the tax increment reinvestment zone. The improvements were primarily street improvements to open up the area for residential development. The development is expected to add over 300 residential properties to the city over the next two years.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position (deficit) of the Water and Sewer Fund at the end of the year amounted to \$14,479,710, for the Law Enforcement Center amounted to \$(3,049,199), and for the Drainage Utility Fund amounted to \$1,944,567. Factors affecting the performance of these activities are as follows:

- The City treats lake water and sells it to consumers for a fee. In fiscal year 2015, Water and Sewer revenue increased \$1,966,432 or 7.89%. The increase is attributable to new connects to the system in fiscal year 2015, and a water and sewer fee increase in fiscal year 2015. Weather influences the system's revenue. Fiscal year 2015 was a fairly normal year in the North Texas area as the temperatures were considered to be average. The result was a fairly consistent year in Water and Sewer revenue for the City. Weather extremes can test the City's ability to produce water for consumption and it can test the system's ability to finance the infrastructure to supply the water to meet the demand of the consumer. A wet year creates less demand for water, which creates less revenue to support the cost of financing the infrastructure, which is built to supply the demand for water in a dry year.
- During fiscal year 2015, the City distributed 3.9 billion gallons of water while billing customers for 3.5 billion gallons of water usage or 89% of the actual plant's production. In fiscal year 2014, the City billed for 3.3 billion gallons of water usage compared to actual plant production of 3.9 billion. Actual water and sewer revenue in fiscal year 2015 increased compared to fiscal year 2014. Actual water and sewer revenue in 2015 was \$26.9 million compared to \$24.9 million in fiscal 2014. Demand for water in fiscal year 2015 was consistent with demand for water in fiscal year 2014 even though the total number of customers increased year over year by 372 new accounts. The water and sewer activity of the business-type activities produced operating income of \$9.1 million for fiscal year 2015 as compared to \$7.2 million in fiscal year 2014.
- Unrestricted net position decreased in the Water and Sewer Fund by \$6,525,044. Operating expenses increased \$497,388 over last year, excluding depreciation. Operating expenses are controlled through the direct administration of personnel costs and variable costs, which are directly caused by consumer's demand for the water. The City spent \$4,111,709 for raw water in fiscal year 2015 compared to \$4,360,425 in fiscal year 2014, and the City spent \$5,336,715 to treat the City wastewater in fiscal 2015 compared to \$4,939,762 in fiscal year 2014. The cost for raw water decreased year over year by \$248,716 while the cost to treat used water increased year over year by \$396,953.
- The Law Enforcement Center Fund had operating loss of (\$739,796) this fiscal year. The operating loss is attributable to the decrease in the inmate population during the first half of the fiscal year in 2015. These costs are offset by transfers from the General Fund, which pay for the City's portion of jail services. No transfers from the General Fund were made in fiscal year 2015 or in fiscal year 2014.
- The Drainage Utility Fund revenue had operating income of \$781,421 this fiscal year. Drainage Fees exceeded \$1.3 million and operating expenses excluding depreciation were \$863,088.

Budgetary Highlights

General Fund

The City opted to compare the final budget to the actual amounts for comparative purposes. The differences can be briefly summarized as follows:

Revenue results exceeded budgeted estimates by \$2,289,709 for fiscal year ended 2015:

- Property Taxes fell below budgeted estimates by \$331,737 because original assessed valuation estimates were higher than final valuations as the ad valorem roll was finalized by the appraisal district after the adoption of the City's budget.
- Sales Taxes exceeded budgeted projections by \$707,870 as the effects of the national economy loosened its hold on consumer spending in Mansfield, Texas, during fiscal 2015. New development occurred in 2015 that created new sales tax collections as well.
- Licenses and permits were above budgeted estimates by \$352,568. The City's building permit revenue exceeded expectations of the original estimates because of the economic recovery in the residential construction sector in the area; although the City's economy performed well during the great recession, development has generally improved in the area because the region has been improving.
- Intergovernmental revenue was unexpected grant revenue that was awarded to the City in fiscal year 2015. The grant revenue was received by the City in fiscal year 2015 and used for purpose of public safety.
- Charges for services exceeded budgeted estimates by \$353,909 as the majority of the better than expected revenue was derived from the collections of fees for trash services within the City. Fees did increase for this service in fiscal year 2015 as the fees were raised to keep pace with the cost of inflation.
- Expenditures were 103.18% of budgeted estimates for fiscal year ended 2015. The additional expenditures were from the increased cost in public safety, the addition of in house attorney and repairs to existing streets. The cost of hiring new police officers coupled with more compensation increased the cost of labor in the public safety program of the City in fiscal year 2015. Management has been very effective in maintaining morale and improving services within the City while keeping the City within its overall budget.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2015 amounts to \$524,953,666 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

City's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$99,040,436	\$98,635,855	\$2,076,738	\$2,066,738	\$101,117,174	\$100,702,593
Buildings and system	52,859,617	53,034,799	126,505,427	120,767,762	179,365,044	173,802,561
Improvements	6,772,665	7,779,287	2,439,046	2,483,842	9,211,711	10,263,129
Machinery and equipment	7,607,999	5,933,477	1,821,639	910,411	9,429,638	6,843,888
Infrastructure	157,362,995	139,573,629	36,498,743	35,257,940	193,861,738	174,831,569
Construction in progress	19,543,711	16,955,440	12,424,650	11,690,330	31,968,361	28,645,770
Total	\$343,187,423	\$321,912,487	\$181,766,243	\$173,177,023	\$524,953,666	\$495,089,510

Governmental Capital Assets

Roadway expansion and improvements remain a primary element of the City's public works program. In 2015, several major arterial thoroughfares in the City were widened to provide access to Mansfield's developing retail centers. Mansfield has leveraged future tax revenue with general obligation bonds and anticipated the collection of roadway impact fees to pay for an expected \$97 million in new street improvements over the next 10 years.

Street projects in fiscal year 2015:

- The City widened Debbie Lane to two lanes in each direction east of Matlock Road. Other road improvements include the completion of Grand Meadow Boulevard.
- Several small arterial streets are under construction and design throughout neighborhoods.
- In total, the City spent \$7,536,882 in street improvements and related work during fiscal year 2015.

Most of the capital assets that were added to construction in progress or the asset base of the City during fiscal year 2015 were planned or budgeted expenditures during fiscal year 2015. The City plans its asset expansion with deliberate budgetary control and oversight as these costs are substantial and have a significant effect on the operational cost and ultimately performance of the City.

Business-Type Assets

The City's municipally owned and operated water and sewer system has maintained its superior rating by the Texas Commission on Environmental Quality. Approximately 16% of the City's more than \$71.4 million water/sewer improvement tab is expected to be paid by impact fees over the next ten years. These fees are designed to reduce the system's initial costs in building and running water and sewer lines to the user. These impact fees must be used for capital purposes and are restricted as to use by law.

The City's drainage program had some improvements this year which were mostly related improving systems detention basins. The City has spent over \$7.5 million on the drainage improvements as of September 30, 2015.

For additional information on the City's capital assets, see note III.C. of the basic financial statements.

Long-Term Debt

At the end of the current fiscal year, the City had total principal outstanding of \$177,850,000. Of this amount, \$108,830,000 comprises debt backed by the full faith and credit of the government. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The City's Component Unit, Mansfield Economic Development Corporation, MEDC, has \$10,365,000 in outstanding debt backed by a voter passed sales tax.

City's Outstanding Debt - Tax Obligations and Revenue Bonds

	Governmental Activities	Business-Type Activities	Component Unit MEDC	Total 2015
Security Instrument:				
Tax obligation bonds	\$108,210,000	\$620,000	\$ -	\$ 108,830,000
Sales tax revenue bonds	9,840,000	-	10,365,000	20,205,000
Revenue bonds	-	48,815,000	-	48,815,000
Total	<u>\$ 118,050,000</u>	<u>\$ 49,435,000</u>	<u>\$10,365,000</u>	<u>\$177,850,000</u>

The City's total debt increased \$390,000 or 0.22% during the current fiscal year. Key factors for the increase are from the issuance of additional bonds and refunding bonds, which were offset by principal payments on existing outstanding debt. The City issued \$15,870,000 in new bonds proceeds and issued \$29,750,000 in refunding bonds. The City maintains bond ratings from three rating agencies:

Company	General Fund Bonds	Water and Sewer Revenue Bonds	Sales Tax Revenue Bonds	Drainage Revenue Bonds
Moody's	"Aa2"	"Aa2"	"Aa3"	"Aa2"
Standard & Poor's	"AA+"	"AA+"	"A+"	"AA-"
Fitch	"AA+"	"AA"	"AA-"	"AA"

For additional information on the City's debt obligations, see note III. F, of the basic financial statements.

The City Charter of the City and the statutes of the State of Texas do not prescribe a legal debt limit. However, Article XI, Section 5 of the Texas Constitution, applicable to cities of more than 5,000 populations, limits the ad valorem tax rate to \$2.50 per \$100 assessed valuation. The City operates under a Home Rule Charter, which also imposes a limit of \$2.50. The FY 2014/2015 Property Tax Rate was \$0.71000 per \$100 valuation with a tax margin of \$1.79000 per \$100 valuation based upon the maximum ad valorem tax rate noted above. Additional revenues up to \$80,364,115 per year could be raised before reaching the maximum allowable tax base on the current year's appraised net taxable value of \$4,957,521,003.

Economic Factors: Next Year's Budgets and Rates

The City Economy

- New residential construction is expected to add 797 units with approximately 400 single-family units in 2016. The City has seen a decline in building activity over the past several years; however, development is still occurring within the City. During the budget process for the 2016 fiscal year, the City increased the building services-related revenue with expectations greater than that of 2015. The City's tax year is one year in arrear; the housing starts in calendar year 2016 are for budget year or fiscal year 2017.
- The City's annual growth in property valuation has increased 10% annually on average for the past ten years. For fiscal years 2016 and 2017, the City's valuations are expected to increase 6.3% and 6.8%, respectively. Generally, the City has weathered the great recession and property valuations are expected to improve in fiscal 2016 and into 2017. The improvements are expected because of limited residential

inventory, that the City is a good place to live as crime is low, that school ratings are fairly high, that land is affordable and the City's proximity to Dallas and Fort Worth. The City is developing a discernable and identifiable character of being a place to enjoy a life and a good quality life. These intangible characteristics developed recently - over the last decade. The City is also seeing the continued demand for commercial development because of the significant discretionary spending ability of its residents and the relatively stable economy within the City.

- In past years, sales tax revenue grew in excess of 10% annually; like property valuations, the City has adjusted its projections of anticipated sales tax receipts in 2016 and 2017. The expected budgeted sales tax receipts in 2016 are anticipated to closely reflect actual collections of 2015. The City is expecting fiscal year 2016 to be above budgeted estimates for 2016. Management is monitoring the collections of sales tax revenue and may modify projections into 2016 depending upon the overall economy.
- Retail developments and improvements continue into 2016 and 2017. The challenge has been the effect of the national economy and the ability of companies and businesses to obtain capital financing. The City has taken an aggressive position in continuing development in the City because of the support for continued retail development and the community's expectation additional retail. Development is expected to continue and new property valuations are expected from these developments.
- Median income continues to be an attractive asset for additional development and many in the development community are planning on capturing this income through commercial developments.
- The City has developed stringent building code standards that require sustainable developments to assist in extending the asset life of the tax base into the future.

These variables were considered in preparing the City's budget for the 2016 fiscal year.

The City's 2016 General Fund Operating Revenue Budget increased approximately 8% or \$3.7 million over the fiscal year 2015 budget. Most of this revenue growth was from new development in the City that generated additional property tax and sales tax revenue of almost \$1.9 million. The tax rate was held constant in 2016 at \$0.71 per \$100 in assessed valuation of property within the City limits. Unassigned fund balance is expected to grow over fiscal year 2015. Any additional appropriations made during fiscal year 2016 will be offset through the management of the operating expenditures of the General Fund during the course of fiscal year 2016.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Director of Business Services, City of Mansfield, 1200 E. Broad Street, Mansfield, Texas 76063. Questions may also be directed to 817-276-4257.

City of Mansfield
Statement of Net Position
As of September 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	MEDC
ASSETS				
Cash and cash equivalents	\$ 54,837,305	\$ 16,566,899	\$ 71,404,204	\$ 6,572,830
Receivables (net of allowance for uncollectibles)	3,499,758	5,201,946	8,701,704	857,265
Lease receivable	1,101,944	-	1,101,944	-
Due from other funds	296,787		296,787	
Inventories	61,228	246,673	307,901	-
Restricted assets:				
Cash and cash equivalents	-	12,800,386	12,800,386	687,157
Capital assets (net of accumulated depreciation):				
Land	99,040,436	2,076,738	101,117,174	6,897,477
Buildings and systems	52,859,617	126,505,427	179,365,044	-
Improvements other than buildings	6,772,665	2,439,046	9,211,711	103,192
Machinery and equipment	7,607,999	1,821,639	9,429,638	-
Infrastructure	157,362,995	36,498,743	193,861,738	-
Construction in progress	19,543,711	12,424,650	31,968,361	456,112
Total assets	<u>402,984,445</u>	<u>216,582,147</u>	<u>619,566,592</u>	<u>15,574,033</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension contributions	2,391,807	836,164	3,227,971	40,397
Deferred investment losses	733,138	256,301	989,439	12,383
Deferred pension expense	45,399	15,871	61,270	767
Deferred loss on refunding	<u>1,610,887</u>	<u>832,557</u>	<u>2,443,444</u>	<u>231,505</u>
	4,781,231	1,940,893	6,722,124	285,052
LIABILITIES				
Accounts payable and other current liabilities	10,063,848	1,930,528	11,994,376	561,625
Liabilities payable from restricted assets	-	2,568,069	2,568,069	-
Noncurrent liabilities:				
Due within one year	11,496,501	4,631,041	16,127,542	938,670
Due in more than one year	118,061,451	47,086,977	165,148,428	9,555,198
Net pension liability	<u>10,811,710</u>	<u>3,841,617</u>	<u>14,653,327</u>	<u>174,078</u>
Total liabilities	<u>150,433,510</u>	<u>60,058,232</u>	<u>210,491,742</u>	<u>11,229,571</u>
NET POSITION				
Net investment in capital assets	221,995,373	132,272,649	354,268,022	(2,926,113)
Restricted for:				
Debt Service	214,602	3,728,467	3,943,069	218,587
Capital Projects	33,567,483	9,088,614	42,656,097	468,570
Unrestricted	<u>1,554,708</u>	<u>13,375,078</u>	<u>14,929,786</u>	<u>6,868,470</u>
Total net position	<u>\$ 257,332,166</u>	<u>\$ 158,464,808</u>	<u>\$ 415,796,974</u>	<u>\$ 4,629,514</u>

The notes to the financial statements are an integral part of this statement.

City of Mansfield
Statement of Activities
For the Year Ended September 30, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	MEDC	
					Governmental Activities	Business-type Activities			
Primary government:									
Governmental activities:									
General government	\$ 11,647,954	\$ 5,103,757	\$ 187,000	\$ -	\$ (6,357,197)	\$ -	\$ (6,357,197)	\$ -	-
Public safety	28,057,591	3,606,043	348,172	-	(24,103,376)	-	(24,103,376)	-	-
Public Works	13,765,132	3,216,378	-	13,380,396	2,831,642	-	2,831,642	-	-
Culture and recreation	8,268,412	2,317,710	21,780	-	(5,928,922)	-	(5,928,922)	-	-
Interest on long-term debt	4,843,447	-	-	-	(4,843,447)	-	(4,843,447)	-	-
T total governmental activities	66,582,536	14,243,888	556,952	13,380,396	(38,401,300)	-	(38,401,300)	-	-
Business-type activities:									
Water	17,430,960	20,286,905	-	2,221,176	-	5,077,121	5,077,121	-	-
Sewer	6,119,999	9,790,377	-	-	-	3,670,378	3,670,378	-	-
Law enforcement center	10,357,169	9,576,769	-	-	-	(780,400)	(780,400)	-	-
Drainage	1,149,832	1,309,585	451,799	-	-	611,552	611,552	-	-
T total business-type activities	35,057,960	40,963,636	451,799	2,221,176	-	8,578,651	8,578,651	-	-
T total primary government	\$ 101,640,496	\$ 55,207,524	\$ 1,008,751	\$ 15,601,572	\$ (38,401,300)	\$ 8,578,651	\$ (29,822,649)	\$ -	-
Component units:									
MEDC	13,301,916	1,900	-	1,408,863	-	-	-	(11,891,153)	-
T total component units	\$ 13,301,916	\$ 1,900	\$ -	\$ 1,408,863	\$ -	\$ -	\$ -	\$ (11,891,153)	-
General revenues:									
Property taxes					35,306,939	-	35,306,939	-	-
Sales taxes					14,563,461	-	14,563,461	4,854,487	-
Franchise taxes					3,821,074	-	3,821,074	-	-
Mixed drink taxes					173,761	-	173,761	-	-
Hotel/Motel taxes					717,284	-	717,284	-	-
Unrestricted investment earnings					27,075	17,162	44,237	3,344	-
Gas royalty income					24,542	-	24,542	1,571	-
Gain on sale of capital assets					(7,929)	-	(7,929)	-	-
Transfers					919,171	(919,171)	-	-	-
T total general revenues					55,545,378	(902,009)	54,643,369	4,859,402	-
Change in net position					17,144,078	7,676,642	24,820,720	(7,031,751)	-
Net position beginning as adjusted (Note 12)					240,188,088	150,788,166	390,976,254	11,661,265	-
Net position ending					\$ 257,332,166	\$ 158,464,808	\$ 415,796,974	\$ 4,629,514	-

The notes to the financial statements are an integral part of this statement.

**City of Mansfield
Balance Sheet
Governmental Funds
As of September 30, 2015**

	General	Debt Service	Street Construction	Building Construction	TIRZ #1	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash, cash equivalents, and investments	\$ 12,926,938	\$ 726,754	\$ 17,003,861	\$ 828,504	\$ 9,100,564	\$ 14,250,684	\$ 54,837,305
Receivables (net of allowance for uncollectibles)	2,194,035	31,264	187,000	-	8,627	1,078,832	3,499,758
Due from other funds	296,787	-	-	-	-	-	296,787
Inventory	-	-	-	-	-	61,228	61,228
Total assets	<u>\$ 15,417,760</u>	<u>\$ 758,018</u>	<u>\$ 17,190,861</u>	<u>\$ 828,504</u>	<u>\$ 9,109,191</u>	<u>\$ 15,390,744</u>	<u>\$ 58,695,078</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 810,859	\$ -	\$ 1,114,324	\$ 343,075	\$ 1,431,311	1,419,024	5,118,593
Accrued liabilities	1,999,393	655	371,771	-	1,157,110	81,192	3,610,121
Retainage payable	-	-	139,316	158,039	287,209	-	584,564
Unearned revenue	587,126	31,264	-	-	-	335,021	953,411
Total liabilities	<u>3,397,378</u>	<u>31,919</u>	<u>1,625,411</u>	<u>501,114</u>	<u>2,875,630</u>	<u>1,835,237</u>	<u>10,266,689</u>
Fund balances:							
Nonspendable	-	-	-	-	-	61,228	61,228
Restricted	-	726,099	15,565,450	327,390	6,233,561	9,620,022	32,472,522
Committed	-	-	-	-	-	3,708,875	3,708,875
Assigned	-	-	-	-	-	165,382	165,382
Unassigned	12,020,382	-	-	-	-	-	12,020,382
Total fund balances	<u>12,020,382</u>	<u>726,099</u>	<u>15,565,450</u>	<u>327,390</u>	<u>6,233,561</u>	<u>13,555,507</u>	<u>48,428,389</u>
Total liabilities and fund balances	<u>\$ 15,417,760</u>	<u>\$ 758,018</u>	<u>\$ 17,190,861</u>	<u>\$ 828,504</u>	<u>\$ 9,109,191</u>	<u>\$ 15,390,744</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	343,187,423
Lease receivables in the governmental activities are not financial resources and, therefore, are not reported in the funds.	1,101,944
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	953,411
Long-term liabilities, including bonds payable and pension expense, are not due and payable in the current period and therefore are not reported in the funds	<u>(136,339,001)</u>
Net position of governmental activities	<u>\$ 257,332,166</u>

The notes to the financial statements are an integral part of this statement.

City of Mansfield, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2015

	General	Debt Service	Street Construction	Building Construction	TIRZ #1	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes:							
Property	\$ 22,884,240	\$ 11,830,867	\$ -	\$ -	\$ 500,143	\$ 3,780	\$ 35,219,030
Sales	9,708,974	-	-	-	-	4,854,487	14,563,461
Franchise	3,821,074	-	-	-	-	-	3,821,074
Mixed drink	173,761	-	-	-	-	-	173,761
Hotel/motel	-	-	-	-	-	717,284	717,284
Licenses and permits	1,705,391	-	-	-	-	331,673	2,037,064
Intergovernmental	348,172	-	-	-	-	-	348,172
Charges for services	4,030,611	-	-	-	-	1,027,050	5,057,661
Fines	2,239,655	-	-	-	-	312,486	2,552,141
Interest earnings	7,696	432	9,449	841	3,873	4,784	27,075
Contributions and donations	-	-	187,000	-	-	21,780	208,780
Impact fees	-	-	1,587,896	-	-	703,250	2,291,146
Miscellaneous	731,483	-	1,342,224	-	-	220,875	2,294,582
Total revenues	45,651,057	11,831,299	3,126,569	841	504,016	8,197,449	69,311,231
EXPENDITURES							
Current:		-					
General government	10,845,388	-	476	-	1,750	779,406	11,627,020
Public safety	26,766,659	-	-	-	-	253,700	27,020,359
Public works	3,603,304	-	-	-	-	-	3,603,304
Culture and recreation	3,552,113	-	-	-	-	2,822,447	6,374,560
Debt service:							
Principal	-	7,450,000	-	-	-	805,000	8,255,000
Interest	-	4,112,371	-	-	-	440,374	4,552,745
Fiscal charges	-	708,384	-	-	-	-	708,384
Bond issuance cost	-	155,800	82,768	-	39,741	20,146	298,455
Capital outlay:							
Land	65,322	-	-	-	-	397,084	462,406
Highways and streets	-	-	7,536,882	-	6,011,913	-	13,548,795
Buildings	7,280	-	-	2,708,623	-	639,103	3,355,006
Improvements other than buildings	-	-	-	-	-	315,249	315,249
Equipment	300,809	-	-	-	-	2,380,648	2,681,457
Parks	-	-	-	-	-	712,039	712,039
Total expenditures	45,140,875	12,426,555	7,620,126	2,708,623	6,053,404	9,565,196	83,514,779
Excess (deficiency) of revenues over (under) expenditures	510,182	(595,256)	(4,493,557)	(2,707,782)	(5,549,388)	(1,367,747)	(14,203,548)
OTHER FINANCING SOURCES (USES)							
Transfers in	810,532	-	-	-	-	1,132,357	1,942,889
Transfers out	(1,023,718)	-	-	-	-	-	(1,023,718)
Sale of city property	66,368	-	-	-	-	22,293	88,661
Refunding bonds issued	-	11,700,000	-	-	-	-	11,700,000
Bonds issued	-	-	9,715,000	-	4,445,000	1,710,000	15,870,000
Premium on bonds issued	-	1,773,891	1,527,148	-	623,009	73,405	3,997,453
Discounts on bonds issued	-	(68,304)	(64,381)	-	(28,268)	(8,259)	(169,212)
Payment to refunded bond escrow agent	-	(12,940,000)	-	-	-	-	(12,940,000)
Total other financing sources and uses	(146,818)	465,587	11,177,767	-	5,039,741	2,929,796	19,466,073
Net change in fund balances	363,364	(129,669)	6,684,210	(2,707,782)	(509,647)	1,562,049	5,262,525
Fund balances - beginning	11,657,018	855,768	8,881,240	3,035,172	6,743,208	11,993,458	43,165,864
Fund balances - ending	\$ 12,020,382	\$ 726,099	\$ 15,565,450	\$ 327,390	\$ 6,233,561	\$ 13,555,507	\$ 48,428,389

The notes to the financial statements are an integral part of this statement.

City of Mansfield, Texas
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended September 30, 2015

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances total governmental funds	\$ 5,262,525
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	7,991,128
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	13,283,807
Lease revenues in the statement of activities do not provide current financial resources and, therefore, are not reported as revenue in the funds.	35,833
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	87,909
Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow until then. Deferred outflows are deferred pension contributions, deferred investment losses, deferred charges on refunding and deferred pension expenses.	3,878,728
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the treatment of long-term debt and related items. Also included is net pension liability which is the difference in Total Pension Liability less the Plan Fiduciary Net Position.	(13,395,852)
Changes in net position of governmental activities	<u>\$ 17,144,078</u>

The notes to the financial statements are an integral part of this statement.

City of Mansfield, Texas
Statement of Net Position
Proprietary Funds
September 30, 2015

	Business-Type Activities Enterprise Funds			
	Water and Sewer	Law Enforcement Center	Drainage Utility	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 14,624,259	\$ -	\$ 1,942,640	\$ 16,566,899
Accounts receivable (net of allowance for uncollectibles)	4,749,047	298,022	154,877	5,201,946
Inventories	224,208	22,465	-	246,673
Current assets	19,597,514	320,487	2,097,517	22,015,518
Current restricted assets:				
Cash and cash equivalents	12,429,342	158,712	212,332	12,800,386
Total current assets	32,026,856	479,199	2,309,849	34,815,904
Noncurrent assets:				
Capital assets:				
Land	138,191	234,528	1,704,019	2,076,738
Buildings and systems	200,337,060	7,363,784	5,856,937	213,557,781
Improvements other than buildings	62,818	2,651,815	-	2,714,633
Machinery and equipment	3,555,793	1,262,383	202,299	5,020,475
Construction in progress	12,424,650	-	-	12,424,650
Less accumulated depreciation	(48,250,001)	(4,893,235)	(884,798)	(54,028,034)
Total capital assets (net of accumulated depreciation)	168,268,511	6,619,275	6,878,457	181,766,243
Total noncurrent assets	168,268,511	6,619,275	6,878,457	181,766,243
Total assets	200,295,367	7,098,474	9,188,306	216,582,147
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension contributions	299,019	520,770	16,375	836,164
Deferred investment losses	91,655	159,627	5,019	256,301
Deferred pension expense	5,676	9,884	311	15,871
Deferred loss on refunding	618,117	-	214,440	832,557
	1,014,467	690,281	236,145	1,940,893
LIABILITIES				
Current liabilities:				
Accounts payable	910,839	118,071	92,425	1,121,335
Compensated absences	198,661	293,983	-	492,644
Accrued liabilities	168,064	323,372	21,260	512,696
Due to other funds	-	296,497	-	296,497
Current liabilities	1,277,564	1,031,923	113,685	2,423,172
Current liabilities payable from restricted assets:				
Customer deposits payable	1,379,401	3,362	-	1,382,763
Revenue bonds payable	3,630,000	-	390,000	4,020,000
Certificates of obligation payable	-	30,000	-	30,000
Accrued interest payable	553,360	6,514	24,045	583,919
Retainage payable	558,721	-	-	558,721
Accrued liabilities	20,215	22,451	-	42,666
Current liabilities payable from restricted assets	6,141,697	62,327	414,045	6,618,069
Total current liabilities	7,419,261	1,094,250	527,730	9,041,241
Noncurrent liabilities:				
Compensated absences	366,623	532,598	-	899,221
General obligation bonds payable (net of unamortized discounts)	-	610,272	-	610,272
Revenue bonds payable (net of deferred amount on refunding)	41,678,570	-	3,987,311	45,665,881
Net pension liability	1,358,270	2,422,376	60,971	3,841,617
Total noncurrent liabilities	43,403,463	3,565,246	4,048,282	51,016,991
Total liabilities	50,822,724	4,659,496	4,576,012	60,058,232
NET POSITION (DEFICIT)				
Net investment in capital assets	123,578,058	5,979,006	2,715,585	132,272,649
Restricted for debt service	3,646,348	17,113	65,006	3,728,467
Restricted for capital projects	8,782,994	182,339	123,281	9,088,614
Unrestricted	14,479,710	(3,049,199)	1,944,567	13,375,078
Total net position	\$ 150,487,110	\$ 3,129,259	\$ 4,848,439	\$ 158,464,808

The notes to the financial statements are an integral part of this statement.

City of Mansfield, Texas
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2015

	Business-type Activities		Enterprise Funds	
	Law			
	Water and Sewer	Enforcement Center	Drainage Utility	Total
Operating revenues:				
Charges for sales and services:				
Water sales	\$ 17,105,911	\$ -	\$ -	\$ 17,105,911
Sewer charges	9,790,377	-	-	9,790,377
Drainage fees	-	-	1,309,585	1,309,585
Housing services	-	9,247,216	-	9,247,216
Other services	3,180,994	329,553	451,799	3,962,346
Total operating revenues	30,077,282	9,576,769	1,761,384	41,415,435
Operating expenses:				
Costs of sales and services	14,609,919	9,775,153	534,279	24,919,351
Administration	2,486,140	277,040	328,809	3,091,989
Depreciation	3,858,313	264,372	116,875	4,239,560
Total operating expenses	20,954,372	10,316,565	979,963	32,250,900
Operating income (loss)	9,122,910	(739,796)	781,421	9,164,535
Nonoperating revenues (expenses):				
Interest earnings	16,645	-	517	17,162
Interest expense	(2,596,587)	(40,604)	(169,869)	(2,807,060)
Total nonoperating revenue (expenses)	(2,579,942)	(40,604)	(169,352)	(2,789,898)
Income before contributions and transfers	6,542,968	(780,400)	612,069	6,374,637
Capital contributions	2,221,176	-	-	2,221,176
Transfers in (out)	(810,532)	-	(108,639)	(919,171)
Change in net position	7,953,612	(780,400)	503,430	7,676,642
Total net position - beginning as adjusted (Note 12)	142,533,498	3,909,659	4,345,009	150,788,166
Total net position- ending	\$ 150,487,110	\$ 3,129,259	\$ 4,848,439	\$ 158,464,808

The notes to the financial statements are an integral part of this statement.

City of Mansfield, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2015

	Business-type Activities - Enterprise Funds			
	Water and Sewer Fund	Law Enforcement Center	Drainage Utility Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customer and users	\$ 29,392,284	\$ 9,565,092	\$ 1,765,020	\$ 40,722,396
Payments to suppliers	(12,529,357)	(1,100,725)	(509,949)	(14,140,031)
Payments to employees	(4,423,251)	(8,475,841)	(292,993)	(13,192,085)
Net cash provided by (used in) operating activities	12,439,676	(11,474)	962,078	13,390,280
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer to/from other funds	(810,532)	-	(108,639)	(919,171)
Net cash provided by (used in) capital and related financing activities	(810,532)	-	(108,639)	(919,171)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(10,769,270)	(82,619)	(133,147)	(10,985,036)
Principal paid on capital debt	(4,095,000)	(515,000)	(375,000)	(4,985,000)
Interest paid on capital debt	(2,188,388)	(53,083)	(147,370)	(2,388,841)
Net cash used in capital and related financing activities	(17,052,658)	(650,702)	(655,517)	(18,358,877)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received	16,645	-	517	17,162
Net cash provided by investing activities	16,645	-	517	17,162
Net (decrease) increase in cash and cash equivalents	(5,406,869)	(662,176)	198,439	(5,870,606)
Cash and cash equivalents, October 1	32,460,470	820,888	1,956,533	35,237,891
Cash and cash equivalents, September 30 (including \$12,429,342; \$158,712; and \$212,332 for the Water and Sewer fund, Law Enforcement Center fund, and Drainage Utility fund, respectively, reported in restricted accounts)	\$ 27,053,601	\$ 158,712	\$ 2,154,972	\$ 29,367,285
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 9,122,910	\$ (739,796)	\$ 781,421	\$ 9,164,535
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	3,858,313	264,372	116,875	4,239,560
(Increase) decrease in accounts receivable	(684,998)	(11,677)	3,636	(693,039)
(Increase) decrease in inventories	18,883	(2,409)	-	16,474
Increase (decrease) in accounts payable	124,568	478,036	60,146	662,750
Total adjustments	3,316,766	728,322	180,657	4,225,745
Net cash provided by (used in) operating activities	\$ 12,439,676	\$ (11,474)	\$ 962,078	\$ 13,390,280
Noncash capital activities:				
Contributions of capital assets from developers	\$ 2,221,176	\$ -	\$ -	\$ 2,221,176

The notes to the financial statements are an integral part of this statement.

City of Mansfield, Texas
Statement of Fiduciary Net Assets
Fiduciary Funds
September 30, 2015

	<u>Agency</u>
ASSET	
Cash and cash equivalent	\$ 1,473,864
Total assets	<u>\$ 1,473,864</u>
LIABILITIES	
Insurance payable	\$ 1,473,864
Total liabilities	<u>\$ 1,473,864</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MANSFIELD, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

I. Summary of Significant Accounting Policies

The financial statements of the City of Mansfield, Texas (the City), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the City are described herein.

New Accounting Pronouncements Implemented in Fiscal Year 2015

For fiscal year 2015, the City implemented the following statements issued by GASB.

GASB issued Statement No. 67, Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25. This Statement improves financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards governing accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The implementation of this statement did not result in any changes to the financial statements.

GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27. This Statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards governing accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The effect of the new pronouncement recognizes Deferred Outflows on the Statement of Net Position as a single item that is reclassified from the noncurrent liabilities to Deferred Outflow of Resources-Contributions; Deferred Outflow of Resources-Investment Experience and Deferred Inflows of Resources-Actual Experience versus Expectations. The other impact recognizes pension expense in the current fiscal year.

GASB issued Statement No. 69, Government Combinations and Disposals of Government Operations. This Statement provides specific accounting and financial reporting guidance for combinations in the governmental environment. This Statement also improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The provisions of Statement 69 are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis. The implementation of this statement did not result in any changes to the financial statements.

GASB issued Statement No. 70, Accounting and Financial Reporting for Non-exchange Financial Guarantees. The requirements of this Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend non-exchange financial guarantees and by those governments that receive non-exchange financial guarantees. This Statement also will enhance the information disclosed about a government's obligations and risk exposure from extending non-exchange financial guarantees. This Statement also will augment the ability

of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. The provisions of Statement 70 are effective for financial statements for reporting beginning after June 15, 2013. The implementation of this statement did not result in any changes to the financial statements.

GASB issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non-employer contributing entities. This benefit will be achieved without the imposition of significant additional costs. The provisions of this Statement should be applied simultaneously with the provisions of Statement 68. The effect of this pronouncement is a prior period adjustment to capture the costs related to implementation of GASB Statement 68.

A. Reporting Entity

The City is a municipal corporation governed by an elected mayor and six-member Council. As required by GAAP, these financial statements present the City and its component units, for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the City's operations, and data from these units are combined with data from the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Blended Component Units

Mansfield Park Facilities Development Corporation (MPFDC) - The MPFDC board of directors is appointed by the City Council, and the City management maintains significant continuing management responsibility with respect to MPFDC policies. Additionally, the City is ultimately responsible for MPFDC fiscal matters. The MPFDC provides services exclusively to the City (i.e., the MPFDC constructs capital assets on behalf of the City). The MPFDC does not issue separate financial statements and the MPFDC is included in the other governmental funds.

Mansfield Tax Increment Financing Reinvestment Zone Number One (TIRZ) - The City and the City's management maintain significant influence and management responsibility in the approval of programs, expenditures, and obligations of the TIRZ. The TIRZ board of directors is a seven-member board; four members of the board of directors are members of the City's Council with the remaining three board members appointed by the participating entities of the TIRZ unless the participating entity waives its right to board membership, which at such time the City may appoint a member in its stead. Two Counties, Tarrant, and Ellis County, participate in the City's TIRZ as it is a 3,100-acre tract of land that is in three Counties. The TIRZ does not issue separate financial statements, as the TIRZ is included as a major fund of the City. The TIRZ was established in December 2006 and is for the primary benefit of the City. The benefits include financing of the City's infrastructure within the TIRZ, which are owned and maintained by the City.

Mansfield Tax Increment Financing Reinvestment Zone Number Two (TIRZ) - The City and the City's management maintain significant influence and responsibility in the approval of programs, expenditures, and obligations of the TIRZ. The TIRZ board of directors is a five-member board; four members of the board of directors are members of the City's Council with the remaining board member appointed by Tarrant County, the other participating entity. This TIRZ was established to revitalize the City's Historic Downtown area, which includes 317 developed acres. The TIRZ does not issue separate financial statements, as the TIRZ is included as a non-major fund of the City. The TIRZ was established in December 2012 and is for the primary benefit of the City. The benefits include financing of the City's infrastructure within the TIRZ, which will be owned and maintained by the City.

Discretely Presented Component Unit

Mansfield Economic Development Corporation (MEDC) – In 1997, the voters passed an additional 1/2 cent sales tax to fund an aggressive economic development program and provide financial incentives, infrastructure needs, and tax relief in the recruitment and retention of industry. Although the City Council appoints all board members, none of the board members are currently City Council members or City employees. In addition, City management maintains significant continuing management responsibility with respect to MEDC financial matters. Although the MEDC financial matters are ratified or denied by the City, the City is not legally entitled to the MEDC resources or is it legally obligated for the indebtedness of the MEDC. The MEDC provides financial incentives to business and industry as permitted by statute and does not provide services entirely or almost entirely to the City and does not issue separate financial statements.

B. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where amounts reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The previous reporting model emphasized fund types (the total of all funds of a particular type); in the reporting model as defined by GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, the focus is either the City as a whole or major individual fund (within the fund financial statements).

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Police, Fire, Public Works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment, and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property, sales, franchise taxes, interest income, etc.).

Separate fund-based financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The major governmental funds are the general fund, debt service fund, street construction fund, building construction fund, and TIRZ fund #1. The major enterprise funds are the water and sewer fund, the law enforcement center fund, and the drainage utility fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues, or

expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds along with other qualitative factors. The non-major funds are combined in a separate column in the fund financial statements. The non-major funds are detailed in the combining section of the statements.

The City's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, individuals, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary fund (by category) and the component units. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are presented using the accrual basis of accounting, as are the proprietary fund and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are susceptible to accrual, as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers ad valorem tax, sales tax, hotel/motel tax, mixed drink tax, and investment earnings to be available if they are collected within 60 days of the end of the current fiscal period. Franchise tax revenues are considered to be available if collected within 30 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the obligation has matured and will be paid shortly after year-end (not to exceed one month).

Licenses and permits, charges for services, fines, contributions and donations, impact fees, and miscellaneous revenues are recorded as revenues when received in cash, as the amounts are typically not known until received. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, as soon as all eligibility requirements have been met, moneys must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, moneys are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if all eligibility requirements are met.

A portion of the City's revenues are derived from developer contributions. The effect of these transactions, recorded as revenue, in the City's water and sewer funds was significant. Developer's contributions of \$2,221,176 are recorded as non-operating revenue in the water and sewer fund financial statements. These amounts represent revenues from non-exchange transactions during the fiscal year. For

reporting non-exchange transactions for the governmental activities, in the government-wide financial statements on the accrual basis of accounting, the revenues are recorded as capital contributions program revenue, which totaled \$13,380,396.

Business-type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Water and Sewer Fund, Law Enforcement Center Fund, and Drainage Utility Fund are charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The government reports the following major governmental funds:

The General Fund is the operating fund of the City. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, the fixed charges, and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The General Obligation Debt Service Fund (Debt Service) is used to account for the accumulation of resources for and the payment of, principal and interest on general long-term obligation debt. The primary source of revenue is ad valorem taxes, which are levied by the City.

The Street Construction Fund accounts for the financial resources to be used in the construction of roadways and bridges. The Fund is financed from general obligation bond proceeds, certificates of obligation proceeds, impact fees, developer contributions, or other sources.

The Building Construction Fund accounts for the financial resources to be used in the construction of general governmental buildings and facilities. The Fund is financed from general obligation bond proceeds, certificates of obligation proceeds, or other sources.

The TIRZ One Fund accounts for the financial resources to be used in the development, construction, improvements, and acquisition of land within a boundary that encompasses 3,100 acres of mixed-use property. The Fund is financed from the increased property values above a preexisting property tax base on January 1, 2006. The year-over-year increase in property values will be contributed by the City and the participating Counties. The City's contribution of property tax from the increased property values is 65% of the increased property within the TIF boundary, and the County's contribution of property tax from the increased property values is 30% of the increased property within Counties limits within the TIF boundary.

The other governmental funds column is a summarization of all the non-major governmental fund types.

The government reports the following major proprietary funds:

The Water and Sewer Fund accounts for the operation of the City's water and sewer system. Activities of the Fund include administration, operation, and maintenance of the water and sewer system and billing and collection activities. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for general obligation, and revenue bonds. All costs are

financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure the integrity of the Fund.

The Law Enforcement Center Fund accounts for the operation of the City's jail facility.

The Drainage Utility Fund accounts for the operation of the City's drainage system. Activities of the Fund include administration, operation, and maintenance of the drainage system. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for revenue bonds. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Fund.

Additionally, the government reports the following fund type:

Agency Funds are used to account for assets held by the City in a trustee capacity for others or for other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables. The Payroll Fund and the Employee Group Health Insurance Fund are the Agency Funds currently administered by the City.

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments:

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and investments with original maturities of three months or less from the end of the fiscal year.

The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is reflected on the balance sheet or statement of net position as "Cash, Cash Equivalents, and Investments" under each fund's caption. Except for bond-related and other restricted transactions, the City conducted all its banking and investment transactions with the depository bank, JPMorgan Chase Bank, Mansfield.

For fiscal year 2015, the City invested in direct obligations of the U.S. government, or its agencies and mutual funds as authorized by the City's investment policy. The City records interest revenue earned from investment activities in each respective fund and recognizes its investments on a fair value basis, which is based on quoted market prices.

2. Inventory:

Inventory consists primarily of supplies, valued at cost. Cost is determined using the weighted average method. Inventory is charged to the user departments and recorded as expenses/expenditures when consumed rather than when purchased.

3. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond are recorded as prepaid items. The non-spendable portion of the fund balance is provided equal to the amount of inventory, as the amount is not available for expenditure. These payments are recognized under the consumption method.

4. Capital Assets:

Capital assets, property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the

government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized, while improvements and betterments are capitalized.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Building and Improvements	50 years
Water and Sewer Lines	50 years
Vehicles, Machinery, and Equipment	4-10 years
Infrastructure	25 years

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with the interest earned on invested proceeds over the same period. The City capitalized \$0 of interest during fiscal year 2015.

5. Deferred Inflows and Outflows:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future periods and will not be recognized as an outflow of resources (expense/expenditure) until the appropriate future period. The City has four items that qualify for this category. Deferred pension contributions relate to contributions made by the City after the measurement date so they are deferred and recognized in the upcoming fiscal year. Deferred investment losses are the differences in the projected and actual earnings on the pension assets. This difference is deferred and amortized over a closed five year period. Deferred pension expense is the difference in the expected and actual pension experience. This difference is deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date. Deferred charges on refunding are the differences in carrying value of the refunded debt compared to its acquisition price. This difference is deferred and amortized over the remaining life of the refunded debt.

Deferred outflows of resources are used to report consumptions of net position by the City that are applicable to a future reporting period. Deferred inflows of resources are used to report acquisitions of net assets by the City that are applicable to future reporting periods. The deferred inflow is reclassified to revenue on the government-wide financial statements

6. Compensated Absences:

Vested or accumulated vacation leave is accrued in the government-wide and proprietary fund financial statements when incurred. No liability is recorded for non-vesting, accumulating rights to receive sick pay benefits. Vacation is earned in varying amounts up to a maximum of fifteen (15) days for employees with ten (10) or more years of service. Unused vacation leave is carried forward from one year to the next without limit with regards to years of service. As of September 30, 2015, the liability for accrued vacation was \$8,189,669. The amount applicable to the Proprietary Funds \$1,391,865 and the MEDC \$42,789 have been recorded in these funds, and the amount applicable to other funds \$6,755,015 has been recorded in the government-wide financial statements.

7. Interfund Charges:

The City allocates to the Water and Sewer Fund, a percentage of the salaries and wages and related costs of personnel who perform administrative services for the fund but are paid through the General Fund. During the year ended September 30, 2015, the City allocated \$147,980 to the Water and Sewer Fund for these services.

8. Property Tax:

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are due and payable on or before January 31 of the following year. All unpaid taxes become delinquent on February 1 of the following year. The City contracts with Tarrant County to bill and collect its property taxes. Property tax revenues are recognized when they are both measurable and available. Revenues are considered both measurable and available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period.

9. Long-Term Obligations:

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Net pension liability is the liability of employers and non-employer contribution entities to plan members for benefits provided through a defined benefit plan.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Restricted Assets:

Certain proceeds of Proprietary Fund Revenue Bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Additionally, amounts held by the City for inmates of the Law Enforcement Center are also classified as restricted assets on the statement of net position.

11. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Final settlement amounts could differ from those estimates.

12. Change in Accounting Principles:

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. This Statement established accounting and financial reporting standards that reclassify, as deferred outflows or resources or deferred inflows of resources, certain items

that were previously reported as assets and liabilities and recognized as outflows of resources or inflow of resources, certain items previously reported as assets and liabilities.

	Governmental Activities	Business-Type Activities	Component Unit
Net Position - beginning of period, as previously reported	\$ 248,013,059	\$ 153,571,468	\$ 11,786,850
Changes in reporting for pensions	<u>(7,824,971)</u>	<u>(2,783,302)</u>	<u>(125,585)</u>
Net Position - beginning of period, as adjusted	<u>\$ 240,188,088</u>	<u>\$ 150,788,166</u>	<u>\$ 11,661,265</u>

13. Fund Balance Classification:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to classify the fund balances.

Committed fund balances are amounts that can only be used for specific purposes with constraints imposed by formal action of the City Council and do not lapse at year-end. This formal action consists of a written ordinance voted and approved by a majority of the City Council. For assigned fund balance classification, the City Manager with concurrence of the Finance Director is authorized to assign amounts for a specific purpose as permitted by Section 9.12 of the City Charter. The restricted fund balance classification includes amounts that have constraints that are externally imposed (creditors, grantors, etc.) or imposed by enabling legislation. The non-spendable classification includes amounts that are not in spendable form or required to be maintained intact. The unassigned fund balance classification represents fund balance that has not been classified to another category.

The City considers an amount spent when the expenditure is incurred when restricted or unrestricted fund balances are available. In addition, the City considers an amount spent when expenditure is incurred for purposes for which an amount in the committed, assigned, or unassigned amounts could be used. The City considers expenditure to be made from the most restrictive resources/funds when more than one classification is available.

The City has a minimum General Fund balance policy requirement. This policy established by resolution of the Council requires General Fund unassigned fund balance to be 25% of the ensuing fiscal year's General Fund operating budget. The detailed fund balance classifications are as follows:

	General	Debt Service	Street Construction	Building Construction	TIRZ	Other Governmental Funds	Total Governmental Funds
Fund balances:							
Nonspendable:							
Inventory	-	-	-	-	-	61,228	61,228
Restricted:							
Debt service reserve	-	726,099	-	-	-	502,269	1,228,368
Parks debt service reserve	-	-	-	-	-	207,809	207,809
Street construction/improvements	-	-	15,565,450	-	-	-	15,565,450
Municipal building improvements	-	-	-	327,390	-	-	327,390
Parks and recreation	-	-	-	-	-	7,708,685	7,708,685
Parks capital improvements	-	-	-	-	-	(384,225)	(384,225)
Other capital projects	-	-	-	-	6,233,561	7,318	6,240,879
Equipment /other purposes	-	-	-	-	-	1,512,402	1,512,402
Court seizure fund	-	-	-	-	-	65,764	65,764
Committed:							
Tree mitigation	-	-	-	-	-	136,434	136,434
Parks capital improvements	-	-	-	-	-	2,094,633	2,094,633
Tourism promotion	-	-	-	-	-	1,143,476	1,143,476
Court security and technology	-	-	-	-	-	313,637	313,637
Animal control	-	-	-	-	-	20,695	20,695
Assigned:							
COPS Grant	-	-	-	-	-	102,101	102,101
Library	-	-	-	-	-	63,281	63,281
Unassigned:	12,020,382	-	-	-	-	-	12,020,382
Total fund balances	12,020,382	726,099	15,565,450	327,390	6,233,561	13,555,507	48,428,389

The deficit fund balance in the Parks capital improvements is the result of accruing parks construction invoices as of September 30, 2015. The invoices will be paid in fiscal year 2016 with funds from the Mansfield Parks Development Facilities Corporation.

14. Net Position:

Net position is classified and displayed in three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is excluded from the calculation of net investment in capital assets.

Restricted – Consists of assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. When an expense is incurred for purposes for which there are both restricted and unrestricted assets available, it is the City's policy to apply those expenses to restricted assets, to the extent such are available, and then to unrestricted assets.

Unrestricted – All other assets that constitute the components of net position that do not meet the definition of "restricted" or "investment in capital assets."

II. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains, “long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.”

The details of this \$136,339,001 difference are as follows:

Bonds payable	\$118,050,000
Premium on issuance of bonds	5,723,184
Discounts on issuance of bonds	(970,247)
Fiscal charges	(1,610,887)
Accrued interest payable	750,570
Compensated absences	6,755,015
Deferred pension contributions	(2,391,807)
Deferred investment losses	(733,138)
Net pension liability	10,811,710
Deferred pension expense	(45,399)
Net adjustment to reduce fund balance – total governmental funds to arrive at net position– governmental activities	<u>\$136,339,001</u>

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental funds statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$7,991,128 difference are as follows:

Capital outlay	\$21,074,952
Depreciation expense	<u>(13,083,824)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 7,991,128</u>

Another element of that reconciliation states “The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.” The statement of activities reports contributions of capital assets. Conversely, the governmental funds do not report any contributions of capital assets. The \$13,283,807 difference is as follows:

Net adjustment to increase changes in fund balances – total government funds to arrive at changes in net position of governmental activities	<u>\$13,283,807</u>
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Another element of that reconciliation states that “revenues recognizing future lease payments on a straight-line basis in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in the funds.” The \$35,833 difference is as follows:

The statement of activities reports lease revenues to recognize future lease payments on a straight-line basis. However, governmental funds do not report lease revenues until they are available. \$35,833

Another element of that reconciliation states that “other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds”. The \$87,909 difference is as follows:

The governmental funds defer revenue related to uncollected receivables. However, in the statement of activities, this is recognized in the current period. \$87,909

Another element of that reconciliation states that “deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow until then. Deferred outflows are deferred pension contributions, deferred investment losses, deferred charges on refunding and deferred pension expenses. The details of this \$3,878,728 difference are as follows:

Deferred charges on refunding	708,384
Deferred pension contributions	2,391,807
Deferred investment losses	733,138
Deferred pension expense	<u>45,399</u>

Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities \$ 3,878,728

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$(13,395,852) difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$ (27,570,000)
Premium on issuance of bonds	(3,997,453)
Discounts on issuance of bonds	169,212
Accrued interest payable	(77,542)
Amortization of premiums/discounts	85,295
Compensated absences	(213,627)
Principal payments or payments to escrow agent	21,195,000
Change in net pension liability	<u>(2,986,737)</u>

Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities \$ (13,395,852)

III. Detailed Notes on All Funds

A. Deposits and Investments

As of September 30, 2015, the primary government had cash and cash equivalents of \$23,104,176 and the following investments, which are recorded as cash equivalents (maturities of investments are measured in weighted average maturities or WAM):

Primary Government - Governmental Activities and Business-type Activities	Fair Value	WAM (Years)
Investment Type - Money Market Mutual Funds		
Total Fair Value and Weighted Average Maturity	<u>\$61,100,414</u>	<u>0.13</u>

As of September 30, 2015, the Mansfield Economic Development Corporation had cash and cash equivalents of \$2,122,455 and the following investments, which are recorded as cash equivalents (maturities of investments are measured in weighted average maturities or WAM)

Component Unit - Mansfield Economic Development Corporation	Fair Value	WAM (Years)
Investment Type - Money Market Mutual Funds		
Total Fair Value and Weighted Average Maturity	<u>5,137,532</u>	<u>0.13</u>

Interest Rate Risk –

In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year.

Credit Risk –

The City is authorized to invest in U.S. government obligations and its agencies or instrumentalities, obligations of Texas and its agencies, fully insured or collateralized certificates of deposit, fully collateralized direct repurchase agreements, government pools and money market funds consisting of any of these securities listed, and obligations of states, cities, and other political subdivisions with a rating of “A” or its equivalent. As of September 30, 2015, the City’s investment in the money market mutual funds was rated “AAA” by Standard and Poor’s and “Aaa” by Moody’s Investment Service.

Custodial Credit Risk Deposits –

In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City has a deposit policy, which requires a collateralization level of 105% of market value less an amount insured by the FDIC.

Custodial Credit Risk Investments –

For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has an investment policy, which requires a collateralization level of 105% of market value of principal and accrued interest on investments other than direct purchases of U.S. Treasuries or Agencies. The policy requires all investments held by outside parties for safekeeping in the name of the City or on behalf of the City.

Concentration of Credit Risk Investments –

The City's investment policy does not place a limit on the amount the City may invest in a single issuer because the City's investment policy limits the City's authorized investments. These authorized investments include any security backed by the federal government, the State of Texas, or political subdivision with an investment grade rating of "A" or better. The City's investment policy authorizes mutual funds, "AAA" rated only registered with the Securities and Exchange Commission available alternatives to previously listed authorized securities. At September 30, 2015, the City's investments are held in Bank of America Merrill Lynch Money Market Mutual Fund; and TexStar Participant Services. These investments are 36.02%; and 63.31% of the City's total investments. These money market mutual funds are invested in U.S. Treasury obligations, which are backed by the full faith and credit of the U.S. government.

B. Receivables

Receivables at September 30, 2015 consisted of the following:

Governmental Funds						
	General	Debt Service	Streets	TIRZ #1	Non-major	Total
Receivables:						
Property Taxes	\$ 661,858	\$ 335,896	\$ -	\$ -	\$ -	\$ 997,754
Accounts	6,414,926	-	187,000	8,627	1,078,832	7,689,385
Gross Receivables	7,076,784	335,896	187,000	8,627	1,078,832	8,687,139
Less: Allowance for						
Uncollectible	4,882,749	304,632	-	-	-	5,187,381
Net Total Receivables	<u>\$ 2,194,035</u>	<u>\$ 31,264</u>	<u>\$ 187,000</u>	<u>\$ 8,627</u>	<u>\$ 1,078,832</u>	<u>\$ 3,499,758</u>

Proprietary Funds				
	Water & Sewer	Law Enforcement	Drainage Utility	Total
Receivables:				
Accounts	\$ 5,618,146	\$ 298,022	\$ 206,361	\$ 6,122,529
Other	50,146	-	-	50,146
Gross Receivables	5,668,292	298,022	206,361	6,172,675
Less: Allowance for				
Uncollectible	919,245	-	51,484	970,729
Net Total Receivables	<u>\$ 4,749,047</u>	<u>\$ 298,022</u>	<u>\$ 154,877</u>	<u>\$ 5,201,946</u>

The MEDC has a receivable in the amount of \$857,265 as of September 30, 2015.

C. Capital Assets

Capital asset activity for the year ended September 30, 2015 is as follows:

Governmental activities:	Sept 30, 2014	Increases	Decreases	Sept 30, 2015
Capital assets, not being depreciated:				
Land	\$ 98,635,855	\$ 463,556	\$ (58,975)	\$ 99,040,436
Construction in progress	16,955,440	21,074,953	(18,486,682)	19,543,711
Total capital assets, not being depreciated	115,591,295	21,538,509	(18,545,657)	118,584,147
Buildings	62,065,246	1,000,254	-	63,065,500
Other improvements	18,647,868	-	-	18,647,868
Machinery and equipment	21,815,997	2,560,867	(216,439)	24,160,425
Infrastructure	289,660,958	27,842,402	-	317,503,360
Total capital assets being depreciated	392,190,069	31,403,523	(216,439)	423,377,153
Less accumulated depreciation for:				
Buildings	(9,030,447)	(1,175,436)	-	(10,205,883)
Other improvements	(10,868,581)	(1,006,622)	-	(11,875,203)
Machinery and equipment	(15,882,520)	(848,730)	178,824	(16,552,426)
Infrastructure	(150,087,329)	(10,053,036)	-	(160,140,365)
Total accumulated depreciation	(185,868,877)	(13,083,824)	178,824	(198,773,877)
Total capital assets being depreciated, net	206,321,192	18,319,699	(37,615)	224,603,276
Governmental activities capital assets, net	<u>\$321,912,487</u>	<u>\$39,858,208</u>	<u>\$(18,583,272)</u>	<u>\$343,187,423</u>
Business-type activities:	Sept 30, 2014	Increases	Decreases	Sept 30, 2015
Capital assets, not being depreciated:				
Land	\$ 2,066,738	\$ 10,000	\$ -	\$ 2,076,738
Construction in progress	11,690,330	10,564,312	(9,829,992)	12,424,650
Total capital assets, not being depreciated	13,757,069	10,574,312	(9,829,992)	14,501,388
Capital assets, being depreciated:				
Buildings and systems	153,313,376	8,733,323	-	162,046,699
Improvements other than buildings	2,714,633	-	-	2,714,633
Machinery and equipment	3,921,958	1,167,702	(69,185)	5,020,475
Infrastructure	49,289,906	2,221,176	-	51,511,082
Total capital assets, being depreciated	209,239,873	12,122,201	(69,185)	221,292,889
Less accumulated depreciation for:				
Buildings and systems	(32,547,896)	(2,993,376)	-	(35,541,272)
Improvements other than buildings	(230,790)	(44,797)	-	(275,587)
Machinery and equipment	(3,009,267)	(221,014)	31,445	(3,198,836)
Infrastructure	(14,031,966)	(980,374)	-	(15,012,339)
Total accumulated depreciation	(49,819,919)	(4,239,561)	31,445	(54,028,034)
Total capital assets being depreciated, net	159,419,954	7,882,640	(37,740)	167,264,855
Business-type activities capital assets, net	<u>\$173,177,023</u>	<u>\$18,456,952</u>	<u>\$(9,867,732)</u>	<u>\$181,766,243</u>

D. Capital assets continued

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 294,112
Public Safety	813,636
Public Works	10,114,340
Culture and Recreation	<u>1,861,736</u>
Total Depreciation Expense – Governmental Activities	<u>\$13,083,824</u>

Business-Type Activities:	
Water and Sewer	\$ 3,858,314
Law Enforcement Center	264,372
Drainage Utility Fund	<u>116,875</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 4,239,561</u>

Construction Commitments

The general government had outstanding commitments at September 30, 2015, under authorized construction contracts of approximately \$12,450,000. These outstanding commitments will be financed by proceeds from prior bond issuances and other funding sources. These outstanding commitments relate to the major funds.

The MPFDC had outstanding commitments at September 30, 2015, under authorized construction contracts of approximately \$675,000. These outstanding commitments will be financed by proceeds from prior bond issuances and other funding sources. These outstanding commitments relate to the non-major funds.

The Water and Sewer Fund had outstanding commitments at September 30, 2015, under authorized construction contracts of approximately \$1,726,000. These outstanding commitments will be financed by proceeds from prior bond issuances and other funding sources.

Discretely Presented Component Unit

Activity for the MEDC for the year ended September 30, 2015 was as follows:

Mansfield Economic Development Corporation:	Sept 30, 2014	Increases	Decreases	Sept 30, 2015
Capital assets, not being depreciated:				
Land	\$6,897,477	\$ -	\$ -	\$6,897,477
Construction in Progress	<u>9,009,357</u>	<u>1,480,746</u>	<u>(10,033,991)</u>	<u>456,112</u>
Total capital assets, not being depreciated	<u>15,906,834</u>	<u>1,480,746</u>	<u>(10,033,991)</u>	<u>7,353,589</u>
Capital assets, being depreciated:				
Other improvements	167,248	-	-	167,248
Machinery and equipment	<u>72,312</u>	<u>-</u>	<u>-</u>	<u>72,312</u>
Total capital assets, being depreciated	<u>239,560</u>	<u>-</u>	<u>-</u>	<u>239,560</u>

Less accumulated depreciation for:				
Other improvements	(61,004)	(3,052)	-	(64,056)
Machinery and equipment	(72,312)	-	-	(72,312)
Total accumulated depreciation	<u>(133,316)</u>	<u>(3,052)</u>	<u>-</u>	<u>(136,368)</u>
Total capital assets being depreciated, net	106,244	(3,052)	-	103,192
MEDC capital assets, net	<u>\$ 16,013,078</u>	<u>\$1,477,694</u>	<u>\$(10,033,991)</u>	<u>\$ 7,456,781</u>

The MEDC had outstanding commitments at September 30, 2015 under authorized construction contracts of approximately \$480,000.

E. Deferred Outflows and Inflows of Resources

The City has four types of deferred outflows of resources. Deferred pension contributions relate to contributions made by the City after the measurement date so they are deferred and recognized in the upcoming fiscal year. Deferred investment losses are the differences in the projected and actual earnings on the pension assets. This difference is deferred and amortized over a closed five year period. Deferred pension expense is the difference in the expected and actual pension experience. This difference is deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date. Deferred charges on refunding are the differences in carrying value of the refunded debt compared to its acquisition price. This difference is deferred and amortized over the remaining life of the refunded debt.

Deferred Outflows of Resources

	Governmental Activities	Business- type Activities	Total	Component Unit	Total Deferred Outflows
Deferred pension contributions	\$ 2,391,807	\$ 836,164	\$3,227,971	\$ 40,397	\$3,268,368
Deferred investment losses	733,138	256,301	989,439	12,383	1,001,822
Deferred pension expense	45,399	15,871	61,270	767	62,037
Deferred loss on refunding	1,610,887	832,557	2,443,444	231,505	2,674,949
	<u>\$ 4,781,231</u>	<u>\$ 1,940,893</u>	<u>\$6,722,124</u>	<u>\$ 285,052</u>	<u>\$7,007,176</u>

F. Interfund Transfers

The composition of interfund balances as of September 30, 2015 is as follows:

Fund	Transfers In	Transfers Out
General Fund	\$810,532	\$ -
Mansfield Parks FDC	108,639	-
Equipment Replacement	1,023,718	
General Fund		1,023,718
Drainage Fund	-	108,639
Water and Sewer Fund	-	810,532
TOTAL	<u>\$1,942,889</u>	<u>\$1,942,889</u>

The General Fund received a transfer from the Water and Sewer Fund for a payment-in-lieu of taxes, \$810,532, for services provided as part of the City's ordinary government.

Interfund activity from the General Fund, Building Construction Fund, and the non-major funds is for the purpose of purchase, construction, and improvements of fixed assets for government-wide purposes. These transfers are budgeted annually. The unexpended funds within the non-major funds generally are reappropriated upon the adoption of the next fiscal year's budget. These interfund transfers within the Governmental Fund Types are eliminated upon the reporting of government-wide financial statements.

G. Long-Term Debt

Governmental Activities -

General Obligation Bonds, Loans, and Certificates of Obligation

The general obligation bonds, loans, and certificates of obligation are serial and term debt collateralized by the full faith and credit of the City and are payable from property taxes. The debt matures annually in varying amounts through 2034, and interest is payable semiannually. Proceeds of general obligation bonds are recorded in the Capital Projects Funds and are restricted to the use for which they were approved in the bond elections. Certificates of obligation bonds and loan proceeds are recorded in the appropriate fund for which the debt was issued and approved by the City. The City Charter expressly prohibits the use of bond proceeds to fund operating expenditures.

In 2013, the City issued \$4,200,000 in General Obligation Refunding Bonds, Series 2013, for the purpose of refunding \$4,505,000 of the City's outstanding debt. The bonds of \$4,200,000 plus premiums of \$418,231, less discounts of \$26,939 and less issuance costs of \$86,000 were used to refund a portion of the City's outstanding debt.

The City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by \$99,624 and resulted in an economic gain of \$712,222. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was \$77,106 at September 30, 2015.

In 2013, the City issued \$2,880,000 in General Obligation Refunding Bonds, Series 2013, for the purpose of refunding \$2,915,000 of the City's outstanding debt. The bonds of \$2,880,000 plus premiums of \$120,815, less discounts of \$20,667 and less issuance costs of \$68,262 were used to refund a portion of the City's outstanding debt.

The City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by \$76,966 and resulted in an economic gain of \$464,895. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was \$56,147 at September 30, 2015.

In 2014, the City issued \$16,500,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2014, for the purpose of construction of street improvements and building improvements. The bonds of \$16,500,000 plus premiums of \$234,249, less discounts of \$109,661 and less issuance costs of \$125,247 will be used to construct and design street improvements and building improvements.

In 2014, the City issued \$1,255,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2014A, for the purpose of purchasing equipment and building improvements. The bonds of \$1,255,000 plus premiums of \$24,276, less discounts of \$13,534 and less issuance costs of \$10,742 will be used to purchase equipment and building improvements.

In 2014, the City issued \$6,710,000 in General Obligation Refunding Bonds, Series 2014, for the purpose of refunding \$6,610,000 of the City's outstanding debt. The bonds of \$6,710,000 plus premiums of \$192,313, less discounts of \$33,333 and less issuance costs of \$103,837 were used to refund a portion of the City's outstanding debt.

The City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by \$153,534 and resulted in an economic gain of \$450,680. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was \$108,760 at September 30, 2015.

In 2015, the City issued \$15,870,000 in Combination Tax and Revenue Certificates of Obligation Bonds, Series 2015, for the purpose of construction of street improvements and building improvements. The bonds of \$15,870,000 plus premiums of \$2,223,562, less discounts of \$100,908 and less issuance costs of \$142,655 will be used to construct and design street improvements and to purchase equipment.

In 2015, the City issued \$11,700,000 in General Obligation Refunding Bonds, Series 2015, for the purpose of refunding \$12,940,000 of the City's outstanding debt. The bonds of \$11,700,000 plus premiums of \$1,773,891, less discounts of \$68,304 and less issuance costs of \$136,800 were used to refund a portion of the City's outstanding debt. There were defeased debt amounts of \$4,235,000; \$2,200,000; and \$3,465,000 outstanding as of September 30, 2015.

The City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by \$708,384 and resulted in an economic gain of \$1,035,085. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was \$669,030 at September 30, 2015.

General obligation debt outstanding at September 30, 2015 comprises the following issues:

Series	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2006	4.00% to 4.35%	2016	\$6,905,000	\$335,000
2007 CO	4.00% to 5.00%	2016	3,320,000	155,000
2007	4.00% to 5.00%	2016	5,215,000	240,000
2007A CO	5.90% to 6.51%	2028	1,255,000	925,000
2007A GO	5.50% to 4.63%	2028	5,100,000	3,970,000
2007B GO	5.50% to 4.63%	2028	5,300,000	3,970,000
2008 CO	5.00% to 6.25%	2029	12,330,000	9,620,000
2008 GO	5.00% to 6.25%	2029	3,105,000	2,540,000
2009 GO Refunding	3.00% to 4.00%	2022	10,400,000	6,140,000
2011 GO Refunding	2.00% to 4.00%	2022	9,730,000	5,565,000
2011 CO	2.00% to 5.00%	2025	3,090,000	2,635,000
2012 GO Refunding	2.00% to 3.13%	2025	5,855,000	5,610,000
2012 CO	2.00% to 4.00%	2032	3,415,000	3,030,000
2012A CO	3.49% to 4.65%	2032	3,075,000	2,755,000
2013 CO	2.00% to 4.00%	2033	5,335,000	4,930,000
2013 GO Refunding	2.00% to 4.00%	2025	4,200,000	3,625,000
2013A GO Refunding	2.00% to 3.00%	2023	2,880,000	2,440,000
2014 GO Refunding	2.00% to 2.50%	2019	6,710,000	4,400,000
2014 CO	2.50% to 4.38%	2034	16,500,000	16,500,000
2014A CO	2.00% to 4.13%	2034	1,255,000	1,255,000
2015 CO	2.00% to 5.00%	2035	15,870,000	15,870,000
2015 GO Refunding	4.00% to 5.00%	2027	11,700,000	11,700,000
TOTAL				<u>\$108,210,000</u>

Annual debt service requirements to maturity for general obligation debt, including interest of \$36,890,142, are as follows:

Fiscal Year	Principal	Interest	Total
2016	\$8,385,000	\$4,372,049	\$12,757,049
2017	8,240,000	4,101,321	12,341,321
2018	8,045,000	3,820,657	11,865,657
2019	7,680,000	3,532,562	11,212,562
2020	7,565,000	3,235,742	10,800,742
2021-2025	34,105,000	11,774,801	45,879,801
2026-2030	22,505,000	5,048,423	27,553,423
2031-2034	11,685,000	1,004,587	12,689,587
TOTAL	<u>\$108,210,000</u>	<u>\$36,890,142</u>	<u>\$145,100,142</u>

Authorized but unissued general obligation bonds as of September 30, 2015 are as follows:

Purpose	Date Authorized	Amount Authorized	Unissued Balance
Library	2/7/2004	<u>\$1,535,000</u>	<u>\$1,535,000</u>

Special Sales Tax Revenue Bonds

The Special Sales Tax Revenue Bonds are special limited obligations of the MPFDC payable from proceeds of an additional ½ of 1% sales and use tax levied by the City. The bonds are serial obligations payable annually in varying amounts with interest payable semiannually. The proceeds of these bonds are to be used for their legal purposes as prescribed in the statutes of the State of Texas.

Special Sales Tax Revenue and Revenue Refunding Bonds outstanding at September 30, 2015 are as follows:

Series	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2006	4.00% to 4.40%	2026	\$3,940,000	\$2,640,000
2007	4.00% to 4.30%	2027	2,200,000	1,525,000
2007A	5.90% to 6.51%	2028	2,990,000	2,320,000
2012	2.00% to 3.25%	2024	4,995,000	3,355,000
TOTAL				<u>\$9,840,000</u>

Debt service requirements to maturity for Special Sales Tax Revenue Bonds, including interest of \$2,791,598, are as follows:

Fiscal Year	Principal	Interest	Total
2016	\$835,000	\$407,104	\$1,242,104
2017	860,000	379,830	1,239,830
2018	890,000	351,166	1,241,166
2019	925,000	321,393	1,246,393
2020	810,000	288,096	1,098,096
2021-2025	4,205,000	916,159	5,121,159
2026-2028	1,315,000	127,850	1,442,850
TOTAL	<u>\$9,840,000</u>	<u>\$2,791,598</u>	<u>\$12,631,598</u>

Changes in long-term liabilities

Long-term debt activity for the year ended September 30, 2015 was as follows:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
General Obligation Bonds	\$ 101,030,000	\$ 27,570,000	\$ (20,390,000)	\$ 108,210,000	\$ 8,385,000
Sales Tax Revenue Bonds	10,645,000		(805,000)	9,840,000	835,000
Deferred Amounts:				-	
Premiums	2,162,749	3,997,453	(437,018)	5,723,184	465,990
Discounts	(907,273)	(169,212)	106,238	(970,247)	(85,221)
Total bonds & notes payable	112,930,476	31,398,241	(21,525,780)	122,802,937	9,600,769
Compensated absences	6,541,389	1,867,409	(1,653,783)	6,755,015	1,895,732
Total	\$ 119,471,865	\$ 33,265,650	\$ (23,179,563)	\$ 129,557,952	\$ 11,496,501
Total Net Pension Liability	\$ 10,147,234	9,545,968	(8,881,492)	\$ 10,811,710	-

For the governmental activities, compensated absences are generally liquidated by the general fund or the respective special sales tax fund.

Business-Type Activities -

Water and Sewer Fund

The water and sewer fund revenue bonds are payable from the gross revenues of the water and sewer system. Gross revenues are to be used first-to-pay operating and maintenance expenses of the system, and second, to maintain revenue bond funds in accordance with the bond covenants. Remaining revenues may then be used for any lawful purpose. The debt matures annually in varying amounts through 2030, and interest is payable semiannually.

Waterworks and Sewer System Refunding and Revenue Bonds

In 2004, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by \$462,612. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was \$-0- at September 30, 2015.

In 2005, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by \$327,090. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was \$-0- at September 30, 2015.

In 2011, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by \$104,513 and resulted in an economic gain of \$53,332. This deferred amount on

refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was \$79,760 at September 30, 2015.

In 2012, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by \$195,970 and resulted in an economic gain of \$192,727. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was \$134,730 at September 30, 2015.

In 2015, the City issued \$9,540,000 in Revenue Refunding Bonds, Series 2015 for the purpose of refunding \$9,875,000 of the City's outstanding debt. The bonds of \$9,540,000 plus premiums of \$953,667, less discounts of \$49,493 and less issuance costs of \$135,100 were used to refund a portion of the City's outstanding debt. There was \$3,875,000 of outstanding defeased debt as September 30, 2015.

In 2015, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by \$427,370 and resulted in an economic gain of \$534,193. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was \$403,627 at September 30, 2015.

The total deferred amount on refunding for the water and sewer revenue bonds was \$618,117 at September 30, 2015.

Water and sewer fund debt outstanding at September 30, 2015 comprises the following issues:

Date Issued	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2005Ref	3.60% to 4.10%	2019	\$9,105,000	\$1,030,000
2007	4.00% to 4.00%	2016	6,000,000	275,000
2008	4.38% to 6.75%	2029	26,185,000	20,565,000
2009	3.00% to 4.50%	2030	2,585,000	2,090,000
2011	2.00% to 5.00%	2030	13,995,000	10,475,000
2012	2.00% to 3.00%	2023	2,320,000	1,700,000
2015Ref	2.00% to 5.00%	2027	9,540,000	8,320,000
TOTAL				<u>\$44,455,000</u>

Debt service requirements to maturity for water and sewer fund debt, including interest of \$17,373,044, are as follows:

Fiscal Year	Principal	Interest	Total
2016	\$3,630,000	\$2,231,826	\$5,861,826
2017	3,770,000	2,080,733	5,850,733
2018	3,750,000	1,916,508	5,666,508
2019	3,625,000	1,752,703	5,377,703
2020	2,940,000	1,589,714	4,529,714
2021-2025	14,485,000	5,856,029	20,341,029
2026-2030	12,255,000	1,945,531	14,200,531
TOTAL	<u>\$44,455,000</u>	<u>\$17,373,044</u>	<u>\$61,828,044</u>

Law Enforcement Center

The Authority issued mortgage revenue bonds in 1989 to construct a 48-bed detention facility and administrative offices, for City use, and a 96-bed detention facility for surrounding agencies use (the Law Enforcement Complex). In 1991, the Authority purchased a 3.2-acre tract of land adjacent to the Law Enforcement Complex with proceeds from a property acquisition note, for future expansion. In 1993, additional mortgage revenue bonds were issued for a 96-bed expansion of the Law Enforcement Center, which was completed in January 1995.

Refunding Bonds

In 2005, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by \$294,336. This deferred amount on refunding was being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. There were no deferred or defeased amounts as of September 30, 2015.

Law Enforcement Center Fund debt outstanding at September 30, 2015 comprises the following issues:

Date Issued	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2005 Refund	5.00%	2015	\$2,355,000	\$-0-
2007B CO	6.45% to 6.45%	2028	790,000	620,000
TOTAL				<u>\$620,000</u>

Debt service requirements to maturity for Law Enforcement Center debt, including interest of \$296,055, are as follows:

Fiscal Year	Principal	Interest	Total
2016	\$30,000	\$39,023	\$69,023
2017	35,000	36,926	71,926
2018	35,000	34,669	69,669
2019	40,000	32,250	72,250
2020	40,000	29,670	69,670
2021-2025	245,000	104,006	349,006
2026-2027	195,000	19,511	214,511
TOTAL	<u>\$620,000</u>	<u>\$296,055</u>	<u>\$916,055</u>

Drainage Utility Fund

The Drainage Utility Fund revenue bonds are payable from the gross revenues of the drainage utility system. Gross revenues are to be used first to pay operating and maintenance expenses of the system, and second, to maintain revenue bond funds in accordance with the bond covenants. Remaining revenues may then be used for any lawful purpose. The debt matures annually in varying amounts through 2027, and interest is payable semiannually.

In 2012, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by \$285,920 and resulted in an economic gain of \$333,855. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was \$214,440 at September 30, 2015.

Drainage Utility Fund debt outstanding at September 30, 2015 comprises the following issues:

Date Issued	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2007	4.00% to 4.30%	2027	\$2,200,000	\$1,525,000
2012	2.00% to 3.13%	2024	3,740,000	2,835,000
TOTAL				<u>\$4,360,000</u>

Debt service requirements to maturity for Drainage Utility debt, including interest of \$863,053, are as follows:

Fiscal Year	Principal	Interest	Total
2016	\$390,000	\$137,970	\$527,970
2017	400,000	128,170	528,170
2018	405,000	118,070	523,070
2019	420,000	107,770	527,770
2020	430,000	97,070	527,070
2021-2025	2,010,000	254,223	2,264,223
2026-2027	305,000	19,780	324,780
TOTAL	<u>\$4,360,000</u>	<u>\$863,053</u>	<u>\$5,223,053</u>

Changes in business-type activity debt

A summary of business-type activity debt transactions, including activity for the year ended September 30, 2015, is as follows:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
Water/Sewer Revenue Bonds	\$ 48,885,000	\$ 9,540,000	\$ (13,970,000)	\$ 44,455,000	\$ 3,630,000
LEC Certificates of Obligation	1,135,000	-	(515,000)	620,000	30,000
Drainage Utility Revenue Bonds	4,735,000	-	(375,000)	4,360,000	390,000
Deferred Amounts:					
Premiums	384,961	953,667	(140,444)	1,198,184	114,466
Discounts	(370,479)	(49,493)	112,942	(307,030)	(26,069)
Total bonds & notes payable	54,769,482	10,444,174	(14,887,502)	50,326,154	4,138,397
Compensated absences	1,326,596	492,037	(426,768)	1,391,865	492,644
Total	<u>\$ 56,096,078</u>	<u>\$ 10,936,211</u>	<u>\$ (15,314,270)</u>	<u>\$ 51,718,019</u>	<u>\$ 4,631,041</u>
Total Net Pension Liability	<u>\$ 3,609,319</u>	<u>3,391,874</u>	<u>(3,159,576)</u>	<u>\$ 3,841,617</u>	-

For financial reporting purposes, the unamortized premiums and discounts have been netted against total bonds outstanding.

The Business-Type Activity long-term debt will be repaid, plus interest, from the operating revenues derived primarily from water sales, sewer service charges, and drainage service charges and from revenues derived from housing other agencies' prisoners or operating transfers from the general fund.

Discretely Presented Component Unit

Mansfield Economic Development Corporation

The Sales Tax Revenue Refunding Bonds are special limited obligations of the MEDC payable from proceeds of an additional $\frac{1}{2}$ of 1% sales and use tax levied by the City. The bonds are serial obligations payable annually in varying amounts with interest payable semiannually.

In 2015, the City issued \$2,880,000 in Revenue Refunding Bonds, Series 2015 for the purpose of refunding \$2,880,000 of the City's outstanding debt. The bonds of \$2,880,000 plus premiums of \$171,114, less discounts of \$17,011 and less issuance costs of \$77,121 were used to refund a portion of the City's outstanding debt.

In 2015, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by \$75,079 and resulted in an economic gain of \$291,881. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was \$69,518 at September 30, 2015.

In 2015, the City issued \$5,630,000 in Revenue Refunding Taxable Bonds, Series 2015 for the purpose of refunding \$5,305,000 of the City's outstanding debt. The bonds of \$5,630,000 less discounts of \$32,775 and less issuance costs of \$113,738 were used to refund a portion of the City's outstanding debt.

In 2015, the City refunded debt at which time the reacquisition price exceeded the net carrying amount of the old debt by \$174,946 and resulted in an economic gain of \$710,459. This deferred amount on refunding is being netted against the new debt and amortized over the refunded debt's life using the straight-line method, since the refunded debt's life was shorter than the life of the new debt. The deferred amount on refunding was \$161,987 at September 30, 2015. There was \$-0- of outstanding defeased debt as September 30, 2015.

The total deferred amount on refunding of the MEDC was \$231,505 at September 30, 2015.

MEDC debt outstanding at September 30, 2015 comprises the following issues:

Series	Interest Rates	Date Series Matures	Amount of Original Issue	Bonds Outstanding
2012	2.00% to 4.00%	2032	\$3,090,000	\$2,720,000
2015	0.50% to 3.55%	2024	5,630,000	5,055,000
2015	2.00% to 4.00%	2024	2,880,000	2,590,000
TOTAL				<u>\$10,365,000</u>

Debt service requirements to maturity for MEDC debt, including interest of \$2,163,217, are as follows:

Fiscal Year	Principal	Interest	Total
2016	\$905,000	\$297,454	\$1,202,454
2017	920,000	282,784	1,202,784
2018	940,000	264,884	1,204,884
2019	955,000	243,652	1,198,652
2020	975,000	220,011	1,195,011
2021-2025	4,375,000	643,082	5,018,082
2026-2030	890,000	186,950	1,076,950
2031-2032	405,000	24,400	429,400
TOTAL	<u>\$10,365,000</u>	<u>\$2,163,217</u>	<u>\$12,528,217</u>

Changes in MEDC Debt

A summary of MEDC debt transactions, including activity for the year ended September 30, 2015, is as follows:

	Balance Beginning of Year	Increase	Decrease	Balance End of Year	Due Within One Year
MEDC Revenue Bonds	\$ 11,030,000	\$ 8,510,000	\$ (9,175,000)	\$ 10,365,000	\$ 905,000
Deferred Amounts:					
Premiums	19,077	171,114	(22,411)	167,780	19,587
Discounts	(104,684)	(49,786)	72,769	(81,701)	(7,723)
Total bonds & notes payable	10,944,393	8,631,328	(9,124,642)	10,451,079	916,864
Compensated absences	43,941	17,871	(19,023)	42,789	21,806
Total Noncurrent Liabilities	\$ 10,988,334	\$ 8,649,199	\$ (9,143,665)	\$ 10,493,868	\$ 938,670
Total Net Pension Liability	\$ 162,855	153,698	(142,475)	\$ 174,078	-

H. Restricted Assets

The restricted assets of the Business-type Activities as of September 30, 2015 included the following legal use restrictions.

Enterprise Fund	Revenue Bond Sinking and Reserve Fund	Bond Construction Fund	Inmate Trust Fund	Total
Water and Sewer Fund	\$4,199,108	\$8,230,234	\$ -	\$12,429,342
Law Enforcement Complex	23,627	10,482	124,603	158,712
Drainage Utility	89,051	123,281	-	212,332
TOTAL	\$4,311,786	\$8,363,997	\$124,603	\$12,800,386

The ordinance authorizing the issuance of Water and Sewer System revenue bonds requires that the City establish a sinking fund (Revenue Bond Sinking and Reserve Fund) in an amount not less than the average annual requirement for the payment of principal and interest on all the revenue bonds. At September 30, 2015, the sinking fund balance is sufficient to satisfy such bond ordinance requirements. The bond ordinance also contains provisions, which, among other items, restrict the issuance of additional revenue bonds unless the special funds noted above contain the required amounts and the pledged revenues are equal to or greater than 1.25 times the average annual debt service requirements after giving effect to the proposed additional bonds and any proposed rate increases. In addition, the bond ordinance requires that the annual gross revenues of the Water and Sewer System, less annual operation and maintenance expenses (excluding depreciation and amortization expense), be at least 1.10 times the annual principal and interest requirements of all the outstanding revenue bonds.

The ordinance further requires that the proceeds from the sale of revenue bonds be expended for certain capital improvements to the Water and Sewer System. The unspent proceeds are maintained as restricted assets until such time as needed to fund the Water and Sewer System construction program.

The ordinance authorizing the issuance of the Certificates of Obligation requires that the City establish an interest and sinking fund to provide for principal and interest requirements as they become due.

I. Retirement Plan

Plan Description:

The City of Mansfield, Texas participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided:

TMRS provides retirement, disability, and death benefits. Benefits provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2013	Plan Year 2014
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% repeating, transfers	100% repeating, transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Employees covered by benefit terms:

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	132
Inactive employees entitled to but not yet receiving benefits	137
Active employees	<u>496</u>
Total	765

Contributions:

The contribution rates for employees in TMRS is 7% of employee gross earnings, and the city matching percentages is 14.49%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of the benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Mansfield, Texas, were required to contribute 7% of their gross earnings during the fiscal year. The contribution rates for the City of Mansfield, Texas were 14.84% and 14.49% in calendar years 2014 and 2015 respectively. The City's contributions to TMRS for the fiscal year end September 30, 2015 were \$4,595,653 and were equal to the required contributions.

Net Pension Liability:

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

	Governmental Activities	Business-type Activities	Total	Component Unit	Total Net Pension Liability
Net pension liability	\$ 10,811,710	\$ 3,841,617	\$14,653,327	\$ 174,078	\$ 14,827,405

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation:	3.0% per year
Overall payroll growth:	3.0% per year
Investment Rate of Return:	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital

appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

Discount Rate:

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in the statute. Based on that assumption, the pension plans' Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2013	\$ 111,899,202	\$ 97,979,794	\$ 13,919,408
Changes for the year:			
Service Cost	5,030,515	-	5,030,515
Interest	7,925,143	-	7,925,143
Change in benefit terms	-	-	-
Difference between expected and actual experience	72,552	-	72,552
Changes of assumptions	-	-	-
Contributions - employer	-	4,469,146	(4,469,146)
Contributions - employee	-	2,108,088	(2,108,088)
Net investment income	-	5,606,309	(5,606,309)
Benefit payments, including refunds of employee contributions	(2,396,267)	(2,396,267)	-
Administrative expense	-	(58,519)	58,519
Other changes	-	(4,811)	4,811
Net changes	\$ 10,631,943	\$ 9,723,946	\$ 907,997
Balance at 12/31/2014	\$ 122,531,145	\$ 107,703,740	\$ 14,827,405

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net position liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease in		1% Increase in	
	Discount Rate (6.0%)	Discount Rate (7.0%)	Discount Rate (8.0%)	
City's net pension liability (asset)	\$ 35,225,137	\$ 14,827,405	\$ (1,698,467)	

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended September 30, 2014, the City recognized pension expense of \$4,313,284. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Employer contributions subsequent to the measurement date	3,268,368	-
Difference in projected and actual earnings on pension plan investments	1,001,822	-
Difference in expected and actual experience	62,037	-
	<u>\$ 4,332,227</u>	<u>\$ -</u>

\$3,268,368 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Net deferred outflows (inflows) of resources
2015	\$ 260,970
2016	260,970
2017	260,970
2018	260,972
2019	10,515
Thereafter	9,462
Total	<u>\$ 1,063,859</u>

J. Supplemental Death Benefits

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected by ordinance to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

Contributions:

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit

payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the fiscal years ended 2015, 2014, and 2013 were \$43,367, \$40,870, and \$36,303, respectively, which equaled the required contributions each year.

K. Other Post-Employment Benefits - OPEB

Plan Description

City employees retiring on TMRS will be provided the opportunity to receive health insurance benefits from the City from the City's existing healthcare plan. The City established by ordinance participation in a multi-employer defined benefit postemployment healthcare plan that covers retired employees of the City. The City established an irrevocable trust and contracted with an administrator as well as a custodial bank to manage the plan's assets or the retiree's medical benefits.

The plan does not issue a stand-alone financial report. For inquiries relating to the plan, please contact: The City of Mansfield, Business Services Division, 1200 East Broad Street, Mansfield, Texas 76063.

Measurement Focus and Basis of Accounting

The City of Mansfield, Texas Retiree Health Insurance Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the determination of the employer.

Benefits

City employees will be provided the opportunity to elect employer-subsidized health programs until the age of 65. After the age of 65, the City will pay the following percentage of employer-subsidized premium as a lifetime-only benefit. At the time of the actuarial valuation, the City paid retired employee premiums of \$891.82 for medical coverage and \$38.89 for dental coverage. The City does not subsidize family health coverage. The years of service must be worked for the City, and other creditable years of service are excluded when determining the percentage:

Years of Service with the City	Percentage of Employer- Subsidized Premium
20 and more	100%
19	95%
18	90%
17	85%
16	80%
15	75%
14	70%
13	65%
12	60%
11	55%
10	50%

At the time of the actuarial valuation, the City had 475 active plan members and only 43 retired plan members receiving benefits.

Participants included in the actuarial valuation include retirees and survivors, and active employees who may be eligible to participate in the plan upon retirement. Expenditures for postretirement healthcare and other benefits are recognized monthly and funded into the irrevocable trust. The City funds 100% of the ARC, which approximates the annual OPEB cost, and totaled \$1,075,045 for the fiscal year ended September 30, 2015. The City also funded 100% of the ARC, which approximates the annual OPEB cost, and totaled \$1,212,510 and \$1,000,959 for each of the fiscal years ended September 30, 2014 and 2013 respectively. The retirees are responsible for funding approximately 2% of the healthcare and other benefit premiums.

Eligible retired employees participating in the City's Retiree Health Insurance Plan pay their premiums directly to the City. The City paid the ARC, including the employee portions of healthcare premiums directly to the Trust in the amount of \$1,075,045 for fiscal year 2015.

Funding

The City makes an annual contribution to the plan approximately equal to the ARC. The City commissioned an updated actuarial valuation of the plan for October 1, 2014 for fiscal year 2015. The funded status as of October 1, 2014 (unaudited), the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/01/2014	\$5,566,589	\$12,524,764	45%	\$6,958,175	\$30,976,471	22.47%
10/01/2013	4,025,043	13,155,090	31%	9,130,047	28,061,984	32.54%
10/01/2012	3,233,404	10,608,407	30%	7,375,003	27,925,254	26.41%

Note: ARC of \$1,075,045 for fiscal year 2015 as of September 30, 2015, is based on the current practice of funding the plan in a segregated GASB-qualified trust.

Actuarial Methods and Assumptions

Actuarial Cost Method - Projected Unit Credit

Actuarial Valuation Date - October 1, 2014

Discount Rate - 7%

Amortization method - 30 years, level dollar open amortization

Open amortization means a fresh start each year for the cumulative unrecognized amount.

Healthcare Cost Trends Rates – 8% initially graded downward 0.05% per year to 5.0% in year 7 and later.

Mortality - IRS 2014 Combined Static Mortality Table

Retirement Rate –

Attained Age	Rates per 100 Participants
50	3.0
51	1.5
55	7.5
58	10.0
60	25.0
61	10.0
65	100

Withdrawal Rate –

Attained Age	Rates per 100 Participants
25	19.50
30	18.80
35	17.68
40	15.90
45	13.42
50	9.74
55	5.18

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarial calculations reflect a long-term perspective. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Actuarial calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The schedule of funding progress presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities of benefits.

Immediately following the notes, the schedule of funding progress is presented for the Texas Municipal Retirement System plan along with Retiree Health Insurance Other Postemployment Benefits plan.

L. Commitments and Contingencies

Various claims and lawsuits are pending against the City. In the opinion of the City's management, the potential loss on all claims, if any, will not be material to the City's financial statements.

Audits of Grant Activities

The City receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by the federal and state grantor agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of City management, such disallowances, if any, will not be material to the City's financial statements.

General Equipment Commitments as of September 30, 2015 are as follows:

The City has entered into two general equipment commitments for Public Safety equipment. These lease agreements were entered into August 15, 2011 and June 27, 2012. The amount of the equipment purchased was \$372,856 and is to be repaid over a five-year period at an interest rate of 2.44% per year and \$2,073,235 to be repaid over a ten-year period at an interest rate of 3.53%. Annual payments subject to annual appropriation are to occur over the next ten years as follows:

Fiscal Year	Annual Payment	Interest	Principal	Remaining Principal
2016	321,271	60,353	260,918	1,472,891
2017	241,153	51,993	189,160	1,283,731
2018	241,153	45,316	195,837	1,087,894
2019	241,153	35,180	205,973	881,921
2020	241,153	28,581	212,572	669,349
2021-2023	723,459	54,110	669,349	-
TOTAL	<u>\$2,009,342</u>	<u>\$275,533</u>	<u>\$1,733,809</u>	

M. Contracts with Other Governmental Entities and Other Contracts

Water Supply

Raw water is supplied to the City through a contract between the City and the Tarrant Regional Water District (TRWD). The basic contract, which was renegotiated and approved by the TRWD and the City Council on September 10, 1979, provides for a contract period to run for the life of the bonds, which were issued by the TRWD to provide water to the City and thereafter for the life of the TRWD facilities serving the City. Water is provided to the City from the TRWD Cedar Creek Lake and Richland-Tehuacanna Reservoir. Under the contract, the City has a take-or-pay gallon requirement based on the greater of 1.3 million gallons or the average daily consumption for the previous five-year period. The rate to be charged to the City for raw water is based upon the TRWD cost of debt service, operation and maintenance expenses, and any other miscellaneous expenses in connection with its water supply facilities. These costs will be allocated on a proportionate share based upon actual water consumption of the City in relation to the actual use by the City of Fort Worth and the Trinity River Authority (TRA) after crediting the amount received by the TRWD from water sales to the City of Arlington and other customers. The current rate charged for raw water has been calculated to be \$1.08883 per 1,000 gallons, with a total cost of \$4,111,709 during fiscal year 2015. It is estimated that the raw water supply available to the City under the contract is adequate for the ultimate development of the City.

In addition, the City has a contract with the City of Arlington to purchase treated water up to 1.0 M.G.D. on a demand basis. The City has the option to renegotiate the Arlington water purchase contract on an as-needed basis.

Sewer Treatment

On August 23, 1974, the City Council approved a contract with the TRA to become a contracting party in the TRA's Central Regional Wastewater System, along with 19 other area cities and the Dallas/Fort Worth International Airport.

The contracting parties have agreed to pay the TRA its net cost of operation and maintenance, including debt service requirements, on the Central System. Payments made by the respective cities are pursuant to authority granted by Article 1109i, Vernon's Annotated Texas Civil Statutes, as amended, and Chapter 30, Texas Water Code, as amended, and constitute operating expenses of their waterworks and sewer systems.

The expense of operating TRA's Central System, including administrative overhead and amounts necessary to pay debt service, is paid monthly by the contracting parties based on a formula of dividing each contracting party's estimated contributing flow to the Central System for such year by the total estimated contributing flow by all contracting parties being served at the beginning of each such year, with a year-end adjustment based on actual metered contributing flow to the Central System by all contracting parties. For fiscal year 2015, the City's cost for sewer treatment under the contract was \$5,336,715.

Law Enforcement Complex Housing Commitment

On June 25, 1990, the City entered into an Intergovernmental Agreement Contract (IGA) with the United States Marshal's Service (USMS) to provide for the housing, safekeeping, and subsistence of adult male and female federal prisoners.

The City began housing prisoners from the Immigration and Naturalization Service pursuant to the terms and conditions of the USMS contract or IGA. On December 11, 1998, the City and the USMS agreed for the City to house federal prisoners and other related governmental agencies' prisoners at a cost of \$46.60 per day, effective June 1, 1999.

On November 1, 2001, the City and the City of Fort Worth, Texas, entered into an agreement under the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, for the purpose of housing the City of Fort Worth's prisoners. This contract was renegotiated during fiscal year 2006, and a new agreement was reached between the City and the City of Fort Worth, Texas, commencing on October 1, 2006. The new agreement is an annual agreement that automatically renews for subsequent one-year terms, commencing on October 1 of each year and ending on September 30 of each year for nine (9) years after the Initial Term until September 30, 2016. There are various provisions in the contract defining both the purpose and nature of the duties of the City, and the City of Fort Worth, Texas, in housing the City of Fort Worth, Texas, prisoners. The general terms of the contract agree that the City will collect a monthly fee of \$388,969 or \$4,667,626 in the first year of the contract. Each subsequent term of the contract, the annual amount will increase 4% per year. There are various provisions in the contract that define additional payments for housing prisoners over a specified cap and a reduction in payments if the population of the prisoners drops below a certain number. These provisions give notice to each party that a material change has occurred in the purpose and management of housing the City of Fort Worth, Texas, prisoners and that adjustments to the terms of the contract should be mutually agreed upon by both parties.

The Contract is subject to termination by either party upon written notice provided 90 days before any annual renewal date. Upon such notice of intent, neither party is obligated to any further performance or consideration that has not already been rendered. If the City of Fort Worth, Texas, fails to appropriate funds sufficient to fulfill its obligations under this agreement, Fort Worth may terminate this agreement to be effective by whichever effective date is sooner: (1) thirty (30) days following delivery by Fort Worth to the City of written notice of Fort Worth's intent to terminate or (2) the last date for which funding has been appropriated by Fort Worth's City Council for Fort Worth to fulfill its obligations under this Agreement.

If any net losses or capital requirements should arise in the future, the City will be required to make cash advances and/or operating transfers from the general fund to fund these operating and capital requirements. The City cannot reasonably estimate the amounts, if any, of the advances or operating transfers that may be required.

Mansfield National Golf Club

In June 1999, the City entered into an agreement with MPFDC and Evergreen Alliance Golf Limited, L.P., a Delaware limited partnership, to construct an 18-hole golf course. The agreement named the property on which the course was constructed: Mansfield National Golf Club. Mansfield National Golf Club was constructed by Evergreen Alliance Golf Limited, L.P. (Alliance) during FY99 and FY00 on property owned by MPFDC in the City. The Mansfield National Golf Club opened in November 2000. During the course of the construction, Alliance assumed the financial obligation and risk of constructing the course on the MPFDC property. Upon completion of the construction of Mansfield National Golf Club, a long-term lease agreement was entered into by the MPFDC and Alliance to manage and operate the course for a period of 50 years. In the agreement, Alliance agreed to pay the MPFDC a Base Rent for occupying the property during the term of the Lease. The following summarizes the terms of the base rent:

Lease years 01 through and including 10:	\$ 0.00 per lease year
Lease years 11 through and including 20:	\$ 50,000 per lease year
Lease years 21 through and including 30:	\$100,000 per lease year
Lease years 31 through and including 40:	\$125,000 per lease year
Lease years 41 through and including 50:	\$175,000 per lease year

The value of the improvements made to the property, subject to and reserving the leasehold rights of Alliance as defined by the agreement, became the vested rights of MPFDC and subsequently the vested rights of the City. The rights of the value of improvements have been used as collateral for financing the cost of constructing the improvements. The improvements or rights of the value of the improvement are not carried or recognized as an asset by the MPFDC. However, upon the dissolution of the lease agreement, the rights of the value of the improvements are to be recognized as an asset by the MPFDC. The MPFDC has the right of first refusal and the authority to approve or disapprove future assignments of the rights made by Alliance. In the event Alliance becomes insolvent, certain remedies are permitted by the agreement and in no circumstance is the MPFDC obligated to or committed to Alliance's creditors.

The City is accruing a lease receivable of \$90,000 per year to recognize future rental income over the term of the lease on a straight-line basis.

Sports Park – Big League Dreams

During fiscal year 2008, the City completed the construction of a multipurpose recreational sports park known as "Big League Dreams Mansfield Sports Park," BLD MSP. The City spent \$26.4 million on the facility, which includes eight lighted theme baseball/softball fields, one multipurpose facility, open park areas, and administrative offices on 40 acres tract of land.

The City contracted with a Texas Limited Partnership, Big League Dreams Mansfield, L.P., or BLD, to manage, operate, and maintain the park for 40 years effective upon the completion of the construction of BLD MSP. This agreement is referred to as a maintenance and operation agreement. BLD is an affiliate of Big League Dreams USA, LLC, or BLD USA, a California company, which has affiliates in several states including Texas, Arizona, and California. BLD USA also owns the intellectual rights and has a proprietary interest in the Total Image, Name and Marks, and Logo, BLD USA. The City has contracted with BLD USA to use their intellectual rights for BLD MSP through a license agreement. The term of this license agreement is concurrent to the term of the maintenance and operation agreement.

The terms of the agreement give BLD the right to operate and maintain the BLD MSP for an initial term of 30 years with the two separate options of extending the contract for 5 years in periods following the original term of 30 years. BLD is to maintain and operate the park from the use of the facility by the public. BLD is able to charge fees and is to pay for the cost of maintaining, insuring, and operating the park. For the right to maintain, insure, and operate the BLD MSP, BLD is to pay the City a minimum operating fee of \$100,000 per year with escalation provisions based upon annual gross revenues achievements. The payments are to commence after a waiver period of at least 12 months.

There are provisions for the termination of this agreement in the event of well-defined circumstances of default by either the City or BLD USA. In the event of an agreed-upon default, the City or BLD has exhaustive rights to remedy or cure the default. There is no right of assignment outside the assignment to an affiliate of either entity.

Water Park – Hawaiian Falls

In fiscal year 2008, the City completed the construction and capitalized the costs of a water park. The cost of the park capitalized was \$8.9 million.

To construct, operate, and maintain the water park, the City contracted with Mansfield Family Entertainment, LLC, MFE, commonly referred to as Hawaiian Falls. The term of the agreement is for a period of 40 years with two 5-year renewal options succeeding the term of 40 years. The agreement allows MFE to operate and maintain the park by leasing the water park from City. MFE has the right to charge fees to operate and maintain the park. The City granted a rent holiday or reprieve from annual lease payments for a period of 7 years. However, if the gross receipts generated from the operation of the water park exceed \$2,500,000 in any year within the 7-year rent holiday, MFE is to begin paying an annual lease payment of at least 5% of gross revenues thereafter.

By agreement, MFE acknowledges the title of City in and to land constituting the premises and the real property improvements including appurtenances constructed by either party and agrees never to contest such title.

N. Conduit Debt Obligations

In prior years, the City has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the state, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

There are no series of Industrial Revenue Bonds outstanding as of the fiscal year-end.

O. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's general liability and workers' compensation program is managed through the purchase of a policy through a municipal pool that is separately administered. The City's health insurance is administered through an outside provider. The City makes specified contributions for employees and their dependents under this plan. Additionally, the City also offers dental, life insurance, and accidental death and dismemberment plans through an independent provider in which the City makes specified contributions for employees only under these plans. There have been no significant reductions in insurance coverage for any of these programs since last year, and settlements have not exceeded insurance coverage for any of the past three years.

P. Subsequent Events

Bond Issuances

On December 18, 2015, the City issued \$14,885,000 in General Obligation Refunding and Improvement Bonds, Series 2016; \$4,365,000 General Obligation Refunding, Taxable Series 2016 and \$13,705,000 in Combination Tax and Revenue Certificates of Obligation, Series 2016. The purpose of the Combination Tax and Revenue Certificates of Obligations, Series 2016 are for the design, development, and construction of street improvements, public parking lot and improvements.

The City issued \$24,510,000 in Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2016. The purpose of the Waterworks and Sewer Revenue Refunding and Improvement Bonds, Series 2016 are for the design, development, and construction of water system improvements, and lower debt service requirements.

Also, the City issued \$6,775,000 in Sales Tax Revenue Refunding and Improvement Bonds, New Series 2016 and \$14,930,000 in Sales Tax Revenue Refunding and Improvement Bonds, Taxable New Series 2016. The purpose of the Sales Tax Revenue Refunding and Improvement Bonds, Series 2016 are for the design, development, and construction of park improvements and lower debt service requirements.

Q. New Accounting Pronouncements to be implemented after fiscal year 2015

For fiscal year 2015, the City has implemented Statements No. 67, 68, 69, 70 and 71 of financial accounting standards issued by the GASB.

In February 2015, the GASB issued Statement No. 72, Fair Value Measurement and Allocation. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. The City is in the process of evaluating the impact of this statement on its financial statements.

In June 2015, the GASB issued Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement 68, and Amendments to certain provisions of GASB Statements 67 and 68. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of the Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. The City is in the process of evaluating the impact of this statement on its financial statements.

In June 2015, the GASB issued Statement No. 74, Financial Reporting for Postemployment Benefit Plans other than Pension Plans. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. The City is in the process of evaluating the impact of this statement on its financial statements.

In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from

a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2017. The City is in the process of evaluating the impact of this statement on its financial statements.

In June 2015, the GASB issued Statement No.76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements of this Statement are effective for financial statements for periods beginning June 15, 2015. The City is in the process of evaluating the impact of this statement on its financial statements.

In August 2015, the GASB issued Statement No.77, Tax Abatement Disclosures. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources come from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed over time. The requirements of this Statement are effective for financial statements for periods beginning December 15, 2015. The City is in the process of evaluating the impact of this statement on its financial statements.

In December 2015, the GASB issued Statement No.78, Pensions Provided through Certain Multiple-Employer Defined Pension Plans. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The City is in the process of evaluating the impact of this statement on its financial statements.

In December 2015, the GASB issued Statement No.79, Certain External Investment Pools and Pool Participants. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. The City is in the process of evaluating the impact of this statement on its financial statements.



CITY OF MANSFIELD, TEXAS

REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED

SEPTEMBER 30, 2015

Texas Municipal Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios
2014

	<u>December 31, 2014</u>
Total Pension Liability	
Service Cost	\$ 5,030,515
Interest (on the Total Pension Liability)	7,925,143
Changes of benefit terms	-
Difference between expected and actual experience	72,552
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(2,396,267)
Net Change in Total Pension Liability	<u>10,631,943</u>
Total Pension Liability - Beginning	<u>111,899,202</u>
Total Pension Liability - Ending (a)	<u>\$ 122,531,145</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 4,469,146
Contributions - Employee	2,108,088
Net Investment Income	5,606,309
Benefit payments, including refunds of employee contributions	(2,396,267)
Administrative Expense	(58,519)
Other	(4,811)
Net Change in Plan Fiduciary Net Position	<u>9,723,946</u>
Plan Fiduciary Net Position - Beginning	<u>97,979,794</u>
Plan Fiduciary Net Position - Ending (b)	<u>107,703,740</u>
Net Pension Liability - Ending (a-b)	\$ 14,827,405
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87.90%
Covered Payroll	\$ 30,115,541
Net Position Liability as a Percentage of Covered Employee Payroll	49.24%

Schedule of Contributions
Last 10 Years (will ultimately be displayed)

	<u>September 30, 2015</u>
Actuarially Determined Contribution	\$ 4,595,653
Contributions in relation to the actuarially determined contribution	<u>4,595,653</u>
Contribution deficiency (excess)	-
Covered Payroll	\$ 30,976,471
Contributions as a Percentage of Covered Employee Payroll	14.84%

Notes to Schedule of Contributions

Valuation Date:

Notes: Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions used to determine Contribution Rates:

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Percentage of Payroll, Closed
Remaining Amortization Period:	25 years
Asset Valuation Method:	10 Year smoothed market; 15% soft corridor
Inflation:	3.0%
Salary Increases:	3.50% to 12.00% including inflation
Investment Rate of Return:	7.00%
Retirement Age:	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009.

Mortality:	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
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Other Information:

Notes There were no benefit changes during the year.

Retiree Health Insurance Other Postemployment Benefits
Schedule of Funding Progress - Unaudited

	(1)	(2)	(3)	(4)	(5)	(6)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Percentage Funded (1)/(2)	Unfunded AAL (2)-(1)	Annual Covered Payroll	Unfunded AAL as Percentage of Covered Payroll (4)/(5)
Oct 1, 2014	\$5,566,589	\$12,524,764	45%	\$6,958,175	\$30,976,471	22.47%
Oct 1, 2013	4,025,043	13,155,090	31%	9,130,047	28,061,984	32.54%
Oct 1, 2012	3,233,404	10,608,407	30%	7,375,003	27,925,254	26.41%

Note: ARC of \$1,075,045 for fiscal year 2015 as of September 30, 2015 is based on the current practice of funding the plan in a segregated GASB-qualified trust.

Required Supplementary Information

City of Mansfield, Texas

General Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2015**

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Taxes:				
Property	\$ 23,215,977	\$ 23,215,977	\$ 22,884,240	\$ (331,737)
Sales	9,001,104	9,001,104	9,708,974	707,870
Franchise	3,494,513	3,494,513	3,821,074	326,561
Mixed drink	118,000	118,000	173,761	55,761
Licenses and permits	1,352,823	1,352,823	1,705,391	352,568
Intergovernmental	-	-	348,172	348,172
Charges for services	3,676,702	3,676,702	4,030,611	353,909
Fines	2,219,529	2,219,529	2,239,655	20,126
Interest earnings	5,000	5,000	7,696	2,696
Miscellaneous	277,700	277,700	731,483	453,783
Total revenues	43,361,348	43,361,348	45,651,057	2,289,709
EXPENDITURES				
Current:				
General Government:	10,482,311	10,482,311	10,845,388	(363,077)
Public safety	25,856,354	25,856,354	26,766,659	(910,305)
Public works	3,463,589	3,463,589	3,603,304	(139,715)
Culture and recreation	3,949,468	3,949,468	3,552,113	397,355
Bond Issuance Cost	-	-	-	-
Capital outlay:				
Land	-	-	65,322	(65,322)
Buildings	-	-	7,280	(7,280)
Equipment	-	-	300,809	(300,809)
Total expenditures	43,751,722	43,751,722	45,140,875	(1,389,153)
Excess of expenditures over revenues	(390,374)	(390,374)	510,182	900,556
OTHER FINANCING SOURCES (USES)				
Transfers in	810,532	810,532	810,532	-
Transfers out	(420,158)	(420,158)	(1,023,718)	(603,560)
Sale of city property	-	-	66,368	66,368
Bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Discounts on bonds issued	-	-	-	-
Total other financing sources and uses	390,374	390,374	(146,818)	(537,192)
Net change in fund balances	-	-	363,364	363,364
Fund balances - beginning	11,657,018	11,657,018	11,657,018	-
Fund balances - ending	\$ 11,657,018	\$ 11,657,018	\$ 12,020,382	\$ 363,364

See accompanying notes to required supplementary information.

CITY OF MANSFIELD, TEXAS

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2015

Stewardship, compliance, and accountability

Budgetary information

As set forth in the City Charter, the City Council adopts an annual budget prepared in accordance with GAAP. The City Manager may transfer part or all of any unencumbered appropriation balance among programs within a specific fund; however, any revisions that alter the total expenditures of the fund must be approved by the City Council. The City, for management purposes, adopts budgets for all funds except Special Revenue, Trust and Agency, and Capital Projects, which the use of these funds is legally restricted for a designated purpose. Legal budgets are adopted for the General Fund and the Debt Service Funds; the legal level of control is the fund level.

The City is prohibited from deficit spending as defined by the City's Charter. The City's fund balance as of September 30, 2015 is \$12,020,382.

The Capital Projects are funded through the issuance of general obligation debt authorized for a specific purpose. Trust Funds are restricted by legal authorization, which created the trust. Agency Funds are used to account for assets held for other funds, governments, or individuals and are custodial in nature.

All unused appropriations, except appropriations for capital expenditures, lapse at the close of the fiscal year to the extent they have not been expended or encumbered. An appropriation for a capital expenditure shall continue in force until the purpose for which it was made has been accomplished or abandoned; the purpose of any such appropriation shall be deemed abandoned if three (3) years pass without any disbursement from or encumbrance of the appropriation. Revenues in the general fund were more than budget by \$2,289,709 and expenditures were more than budget by \$1,389,153, which was offset by other financing sources (uses), which were more than budget by (\$537,192).

Supplementary Information

Non-major Governmental Funds

Special Revenue Fund

Mansfield Parks Facility Development Corporation – This fund is used to account for the half-cent sales tax, approved by the voters, for parks land acquisition.

Other Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to be expended for particular purposes. The following funds are combined into a single column for reporting purposes.

- Grants Fund – This fund is used to account for contributions or gifts of cash or other assets from another government to be used or expended for a specific purpose, activity, or facility.
- COPS Grant Fund – This fund is used to account for the purchase of equipment used to reduce crime and improve public safety.
- Police Fund – This fund is used to account for contributions or drug forfeitures that are restricted to expenditure for police drug enforcement or the operations of the specific activity receiving the donation.
- Mansfield Municipal Court Fund – This fund is used to account for revenues that are restricted to promote child safety awareness in the community and to provide a safe and secure courtroom environment for all court participants.
- Hotel/Motel Tax Fund – This fund is used to account for Hotel/Motel tax revenues that are restricted to expenditure for the promotion of tourism, historical preservation, and the performing arts in the City.
- Tree Mitigation Fund – This fund is used to account for revenues that are restricted to expenditure for the preservation of trees and tree replacement in the City.
- Library Fund – This fund is used to account for contributions or gifts from individuals to be used or expended for Library operations, primarily for the purchase of books.
- Animal Control – This fund is used to account for contributions to be used for special medical needs and spaying/neutering assistance for adoptable animals.

Debt Service Fund

Mansfield Parks Facility Development Corporation Debt Service – This fund is used to account for the principal and interest payments on the MPFDC outstanding bonds.

Capital Projects Funds

Equipment Replacement Fund – This fund is used to account for the acquisition of vehicles, machinery, and equipment for use by City departments.

Parks Construction Fund – This fund is used to account for the construction of new parks within the City.

TIRZ #2 Fund – This fund is used to account for the revitalization of the City's Historic Downtown.

City of Mansfield, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
As of September 30, 2015

	Special Revenue		Debt Service		Capital Projects			Total	
	Mansfield Parks Facility Development Corporation	Other Special Revenue Funds	Total	MPFDC Debt Service	TIRZ #2	Equipment Replacement	Parks Construction	Total	Total Nonmajor Governmental Funds
ASSETS									
Cash and cash equivalents	\$ 10,680,267	\$ 1,691,918	\$ 12,372,185	\$ 207,809	\$ 7,318	\$ 1,649,260	\$ 14,112	\$ 1,670,690	\$ 14,250,684
Accounts receivable, net	870,222	208,610	1,078,832	-	-	-	-	-	1,078,832
Inventory	-	61,228	61,228	-	-	-	-	-	61,228
Total assets	<u>\$ 11,550,489</u>	<u>\$ 1,961,756</u>	<u>\$ 13,512,245</u>	<u>\$ 207,809</u>	<u>\$ 7,318</u>	<u>\$ 1,649,260</u>	<u>\$ 14,112</u>	<u>\$ 1,670,690</u>	<u>\$ 15,390,744</u>
LIABILITIES									
Accounts payable	\$ 840,580	\$ 43,249	\$ 883,829	\$ -	\$ -	\$ 136,858	\$ 398,337	\$ 535,195	\$ 1,419,024
Accrued liabilities	69,301	11,891	81,192	-	-	-	-	-	81,192
Unearned revenue	335,021	-	335,021	-	-	-	-	-	335,021
Total liabilities	<u>1,244,902</u>	<u>55,140</u>	<u>1,300,042</u>	<u>-</u>	<u>-</u>	<u>136,858</u>	<u>398,337</u>	<u>535,195</u>	<u>1,835,237</u>
FUND BALANCES									
Nonspendable	-	61,228	61,228	-	-	-	-	-	61,228
Restricted	8,210,954	65,764	8,276,718	207,809	7,318	1,512,402	(384,225)	1,135,495	9,620,022
Committed	2,094,633	1,614,242	3,708,875	-	-	-	-	-	3,708,875
Assigned	-	165,382	165,382	-	-	-	-	-	165,382
Total fund balances	<u>10,305,587</u>	<u>1,906,616</u>	<u>12,212,203</u>	<u>207,809</u>	<u>7,318</u>	<u>1,512,402</u>	<u>(384,225)</u>	<u>1,135,495</u>	<u>13,555,507</u>
Total liabilities and fund balances	<u>\$ 11,550,489</u>	<u>\$ 1,961,756</u>	<u>\$ 13,512,245</u>	<u>\$ 207,809</u>	<u>\$ 7,318</u>	<u>\$ 1,649,260</u>	<u>\$ 14,112</u>	<u>\$ 1,670,690</u>	<u>\$ 15,390,744</u>

City of Mansfield, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2015

	Special Revenue		Debt Service		Capital Projects			Total Nonmajor Governmental Funds
	Mansfield Parks Facility Development Corporation	Other Special Revenue Funds	Total	MPFDC Debt Service	TIRZ #2	Equipment Replacement	Parks Construction	Total
REVENUE								
Taxes	\$ 3,608,684	\$ 717,284	\$ 4,325,968	\$ 1,245,803	\$ 3,780	\$ -	\$ -	\$ 3,780
Impact fees	703,250	-	703,250	-	-	-	-	-
Gas royalty	331,673	-	331,673	-	-	-	-	-
Charges for services	1,027,050	-	1,027,050	-	-	-	-	-
Fines and forfeitures	-	312,486	312,486	-	-	-	-	-
Investment earnings	4,583	183	4,766	-	-	18	-	18
Contribution & donations	2,770	19,010	21,780	-	-	-	-	-
Miscellaneous	219,904	971	220,875	-	-	-	-	-
Total revenues	5,897,914	1,049,934	6,947,848	1,245,803	3,780	18	-	3,798
EXPENDITURES								
Current:								
General government	-	777,306	777,306	-	-	-	2,100	2,100
Culture and recreation	2,822,447	-	2,822,447	-	-	-	-	-
Public safety	-	181,103	181,103	-	-	72,597	-	72,597
Debt service:								
Principal retirement	-	-	-	805,000	-	-	-	-
Interest	-	-	-	440,374	-	-	-	-
Bond issuance cost	-	-	-	-	-	20,146	-	20,146
Capital outlay:								
Land	397,084	-	397,084	-	-	-	-	-
Buildings	122,665	-	122,665	-	-	118,101	398,337	516,438
Improvements (not buildings)	315,249	-	315,249	-	-	-	-	-
Equipment	9,424	50,519	59,943	-	-	2,320,705	-	2,320,705
Parks	712,039	-	712,039	-	-	-	-	-
Total expenditures	4,378,908	1,008,928	5,387,836	1,245,374	-	2,531,549	400,437	2,931,986
Excess (deficiency) of revenues over (under) expenditures	1,519,006	41,006	1,560,012	429	3,780	(2,531,531)	(400,437)	(2,928,188)
OTHER FINANCING SOURCES (USES)								
Transfers in:								
General fund	-	-	-	-	-	1,023,718	-	1,023,718
Drainage fund	108,639	-	108,639	-	-	-	-	-
Sale of city property	-	-	-	-	-	22,293	-	22,293
Bonds issued	-	-	-	-	-	1,710,000	-	1,710,000
Premiums on bonds issued	-	-	-	-	-	73,405	-	73,405
Discounts on bonds issued	-	-	-	-	-	(8,259)	-	(8,259)
Total other financing sources	108,639	-	108,639	-	-	2,821,157	-	2,821,157
Net change in fund balances	1,627,645	41,006	1,668,651	429	3,780	289,626	(400,437)	(107,031)
Fund balances beginning	8,677,942	1,865,610	10,543,552	207,380	3,538	1,222,776	16,212	1,242,526
Fund balances ending	\$ 10,305,587	\$ 1,906,616	\$ 12,212,203	\$ 207,809	\$ 7,318	\$ 1,512,402	\$ (384,225)	\$ 1,135,495

Required Supplementary Information

City of Mansfield, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual
Debt Service Fund
For the Year Ended September 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 11,935,833	\$ 11,935,833	\$ 11,830,867	\$ (104,966)
Investment earnings	-	-	432	432
Miscellaneous	-	-	-	-
Total revenues	<u>11,935,833</u>	<u>11,935,833</u>	<u>11,831,299</u>	<u>(104,534)</u>
EXPENDITURES				
Debt service:				
Principal	7,965,000	7,965,000	7,450,000	515,000
Interest	3,970,833	3,970,833	4,112,371	(141,538)
Fiscal charges	-	-	708,384	(708,384)
Issuance Costs	-	-	155,800	(155,800)
Total expenditures	<u>11,935,833</u>	<u>11,935,833</u>	<u>12,426,555</u>	<u>(490,722)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(595,256)</u>	<u>(595,256)</u>
OTHER FINANCES SOURCES (USES)				
Refunding bonds issued	-	-	11,700,000	(11,700,000)
Bonds issued	-	-	-	-
Premium on bonds issued	-	-	1,773,891	(1,773,891)
Discounts on bonds issued	-	-	(68,304)	68,304
Payment to refunded bond escrow agent	-	-	-	-
Transfer In	-	-	(12,940,000)	12,940,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>465,587</u>	<u>(465,587)</u>
Net changes in fund balance	<u>-</u>	<u>-</u>	<u>(129,669)</u>	<u>(129,669)</u>
Fund balances beginning	<u>855,768</u>	<u>855,768</u>	<u>855,768</u>	<u>-</u>
Fund balances ending	<u>\$ 855,768</u>	<u>\$ 855,768</u>	<u>\$ 726,099</u>	<u>\$ (129,669)</u>

Required Supplementary Information

City of Mansfield, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual
Mansfield Parks Facilities Development Corporation Debt Service Fund
For the Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Sales taxes	\$ 1,238,283	\$ 1,238,283	\$ 1,245,803	\$ 7,520
Other Financing Source	-	-	-	-
Total revenues	<u>1,238,283</u>	<u>1,238,283</u>	<u>1,245,803</u>	<u>7,520</u>
EXPENDITURES				
Debt service:				
Principal	805,000	805,000	805,000	-
Interest and fiscal charges	<u>433,283</u>	<u>433,283</u>	<u>440,374</u>	<u>7,091</u>
Total expenditures	<u>1,238,283</u>	<u>1,238,283</u>	<u>1,245,374</u>	<u>(7,091)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>429</u>	<u>429</u>
OTHER FINANCES SOURCES (USES)				
Refunding bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Discounts on bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfer In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balance	-	-	429	429
 Fund balances beginning	 <u>207,380</u>	 <u>207,380</u>	 <u>207,380</u>	 <u>-</u>
Fund balances ending	<u>\$ 207,380</u>	<u>\$ 207,380</u>	<u>\$ 207,809</u>	<u>\$ 429</u>

City of Mansfield, Texas
Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended September 30, 2015

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
ASSETS				
Cash and cash equivalents	\$ 1,536,286	\$ 12,358,158	\$ 12,420,580	\$ 1,473,864
Total Assets	<u>\$ 1,536,286</u>	<u>\$ 12,358,158</u>	<u>\$ 12,420,580</u>	<u>\$ 1,473,864</u>
LIABILITIES				
Insurance Payable	\$ 1,536,286	\$ 12,358,158	\$ 12,420,580	\$ 1,473,864
Total Liabilities	<u>\$ 1,536,286</u>	<u>\$ 12,358,158</u>	<u>\$ 12,420,580</u>	<u>\$ 1,473,864</u>

City of Mansfield, Texas
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules By Source
September 30, 2015

Governmental funds capital assets:

Land	\$ 99,040,436
Buildings	63,065,500
Other Improvements	18,647,868
Vehicles, Machinery, and Equipment	24,160,425
Infrastructure	317,503,360
Construction In Progress	19,543,711
Total Capital Assets	<u>\$ 541,961,300</u>

Investments in governmental funds capital assets by source:

General Obligation Bonds	\$ 211,929,277
Intergovernmental Revenues	3,787,274
Current Revenue	14,492,351
Special Revenues	11,655,850
Developer Revenue	5,100,592
Contributions	294,995,956
Total Investment In Capital Assets	<u>\$ 541,961,300</u>

City of Mansfield, Texas
Capital Assets Used in the Operation of Governmental Funds
Schedule By Function and Activity
September 30, 2015

	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General government:							
Administration				\$ 125,377			\$ 125,377
City secretary/legal				100,859			100,859
Personnel				55,334			55,334
Finance				9,679			9,679
Accounting/budget/purchasing				22,948			22,948
Tax assessing				12,806			12,806
Information services				584,401		179,715	764,116
Planning and development				147,227			147,227
Engineering				105,983			105,983
Code enforcement				93,957			93,957
Building inspection				50,073			50,073
General government buildings	13,130,742	62,031,206	33,471	402,717		58,880	75,657,016
Total general government	13,130,742	62,031,206	33,471	1,711,361	-	238,595	77,145,375
Public safety:							
Police			46,159	9,644,482		3,478,840	13,169,481
Fire		887,589	8,851	7,804,069			8,700,509
Municipal court	282,234			240,948			523,182
Animal control			83,291	136,957		808,170	1,028,418
Total public safety	282,234	887,589	138,301	17,826,456	-	4,287,010	23,421,590
Culture and recreation							
Parks and recreation	3,053,942	146,705	18,460,020	1,510,838		1,466,896	24,638,401
Senior citizens			3,000	129,677			132,677
Library	410,001			879,247		433,350	1,722,598
Land maintenance				195,166			195,166
Building maintenance			13,076	145,926			159,002
Total culture and recreation	3,463,943	146,705	18,476,096	2,860,854	-	1,900,246	26,847,844
Public works:							
Streets	82,163,517			1,761,754	317,503,360	13,117,860	414,546,491
Total public works	82,163,517	-	-	1,761,754	317,503,360	13,117,860	414,546,491
Total governmental funds capital assets	\$ 99,040,436	\$ 63,065,500	\$ 18,647,868	\$ 24,160,425	\$ 317,503,360	\$ 19,543,711	\$ 541,961,300

City of Mansfield, Texas
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function And Activity
For the fiscal year ended September 30, 2015

Function and Activity	Governmental Funds Capital Assets, September 30, 2014	Additions	Deductions	Governmental Funds Capital Assets, September 30, 2015
General government				
Administration	\$ 630,260	\$ -	\$ -	\$ 630,260
City secretary/legal	100,961	-	102	100,859
Personnel	55,334	-	-	55,334
Finance	9,754	-	75	9,679
Accounting/budget/purchasing	22,948	-	-	22,948
Tax assessing	12,806	-	-	12,806
Information services	584,401	179,715	-	764,116
Planning and development	129,285	45,864	20,922	154,227
Engineering	105,983	-	-	105,983
Code enforcement	93,957	-	-	93,957
Building inspection	50,073	-	-	50,073
General government buildings	27,113,863	72,602	58,975	27,127,490
Total general government	<u>28,909,625</u>	<u>298,181</u>	<u>80,074</u>	<u>29,127,732</u>
Public safety:				
Police	10,325,767	2,563,258	119,608	12,769,417
Fire	14,891,755	1,379,115	38,651	16,232,219
Municipal court	240,948	-	-	240,948
Animal control	665,405	800,670	-	1,466,075
Total public safety	<u>26,123,875</u>	<u>4,743,043</u>	<u>158,259</u>	<u>30,708,659</u>
Culture and recreation				
Parks and recreation	60,910,346	1,732,900	31,082	62,612,164
Senior citizens	82,434	50,243	-	132,677
Library	3,549,989	487,138	-	4,037,127
Land maintenance	247,527	-	-	247,527
Building maintenance	810,454	-	-	810,454
Total culture and recreation	<u>65,600,750</u>	<u>2,270,281</u>	<u>31,082</u>	<u>67,839,949</u>
Public works:				
Streets	387,147,114	27,143,846	6,000	414,284,960
Total public works	<u>387,147,114</u>	<u>27,143,846</u>	<u>6,000</u>	<u>414,284,960</u>
Total governmental funds capital assets	<u>\$ 507,781,364</u>	<u>\$ 34,455,351</u>	<u>\$ 275,415</u>	<u>\$ 541,961,300</u>

MANSFIELD ECONOMIC DEVELOPMENT CORPORATION

City of Mansfield
Balance Sheet
Mansfield Economic Development Corporation
As of September 30, 2015

ASSETS

Cash and investments	\$ 6,572,830
Receivables (net of allowance for uncollectibles)	857,265
Restricted cash and investments	687,157
Total assets	<u>\$ 8,117,252</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$ 114,398
Accrued liabilities	447,227
Total liabilities	<u>561,625</u>

Fund balances:

Reserved for capital projects	687,157
Unreserved, undesignated	6,868,470
Total fund balances	<u>7,555,627</u>

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	7,456,781
Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow until then. Deferred outflows are deferred pension contributions, deferred investment losses, deferred charges on refunding and deferred pension expenses.	285,052
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(10,667,946)</u>

Net position of governmental activities	<u>\$ 4,629,514</u>
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City of Mansfield, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Mansfield Economic Development Corporation
September 30, 2015

REVENUES

Sales taxes	\$ 4,854,487
Gas Royalty Income	1,571
Interest	3,344
Contributions	1,408,863
Miscellaneous	1,900
Total revenues	<u>6,270,165</u>

EXPENDITURES

Current:

Administration	800,278
Projects	3,467,286
Debt service:	
Principal	990,000
Interest	218,614
Fiscal charges	250,025
Bond issuance cost	196,769
Total expenditures	<u>5,922,972</u>
Excess (deficiency) of revenues over (under) expenditures	<u>347,193</u>

OTHER FINANCING SOURCES (USES)

Sale of city property	-
Refunding bonds issued	8,510,000
Premium on bonds issued	171,114
Discount on bonds issued	(49,786)
Payment to refunded bond escrow agent	<u>(8,185,000)</u>
Total other financing sources (uses)	<u>446,328</u>
Net change in fund balance	793,521
Fund balance beginning	6,762,106
Fund balance ending	<u><u>\$ 7,555,627</u></u>

City of Mansfield, Texas
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
Mansfield Economic Development Corporation
to the Statement of Activities
For the Year Ended September 30, 2015

Amounts reported for the MEDC in the statement of activities are different because:

Net change in fund balances MEDC	\$ 793,521
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	(8,556,297)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	-
Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow until then. Deferred outflows are deferred pension contributions, deferred investment losses, deferred charges on refunding and deferred pension expenses.	285,052
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the treatment of long-term debt and related items. Also, included is net pension liability which is the difference in Total Pension Liability less the Plan Fiduciary Net Position.	445,973
Changes in net position of governmental activities	<u>\$ (7,031,751)</u>

CITY OF MANSFIELD, TEXAS

STATISTICAL SECTION

SEPTEMBER 30, 2015

The statistical section of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Financial Trends Page 97 – 103

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity Page 104 – 107

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales tax revenues.

Capacity Page 108 – 112

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information Page 113 – 114

These schedules offer demographic and economic indicators to help the reader understand the environment within the City's financial activities take place.

Operating Information Page 115 – 117

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services that the City provides and the activities it performs.

City of Mansfield, Texas

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Net investment in capital assets	\$ 210,596	\$ 217,381	\$ 226,079	\$ 226,416	\$ 224,555	\$ 225,083	\$ 225,017	\$ 211,270	\$ 210,130	\$ 221,995
Restricted	446	993	1,815	721	1,037	619	490	15,520	29,294	33,782
Unrestricted	8,298	8,657	4,064	6,806	7,269	7,953	9,275	7,967	8,589	1,555
Total governmental activities net position	\$ 219,340	\$ 227,031	\$ 231,958	\$ 233,943	\$ 232,861	\$ 233,655	\$ 234,782	\$ 234,757	\$ 248,013	\$ 257,332
Business-type activities:										
Net investment in capital assets	\$ 91,581	\$ 97,214	\$ 103,077	\$ 107,442	\$ 111,276	\$ 112,164	\$ 115,837	\$ 105,677	\$ 119,190	\$ 132,273
Restricted	3,593	3,906	3,792	4,280	4,246	4,331	4,320	18,108	12,548	12,817
Unrestricted	6,795	7,511	7,996	9,049	10,625	17,657	20,683	24,992	21,833	13,375
Total business-type activities net position	\$ 101,969	\$ 108,631	\$ 114,865	\$ 120,771	\$ 126,147	\$ 134,152	\$ 140,840	\$ 148,777	\$ 153,571	\$ 158,465
Primary government:										
Net investment in capital assets	\$ 302,177	\$ 314,595	\$ 329,156	\$ 333,858	\$ 335,831	\$ 337,247	\$ 340,854	\$ 316,947	\$ 329,320	\$ 354,268
Restricted	4,039	4,899	5,607	5,001	5,283	4,950	4,810	33,628	41,842	46,599
Unrestricted	15,093	16,168	12,060	15,855	17,894	25,610	29,958	32,959	30,422	14,930
Total primary government net position	\$ 321,309	\$ 335,662	\$ 346,823	\$ 354,714	\$ 359,008	\$ 367,807	\$ 375,622	\$ 383,534	\$ 401,584	\$ 415,797

City of Mansfield, Texas
Changes in Net Position of Governmental and Business Type Activities

Last Ten Fiscal Years

(accrual basis of accounting)
(amounts expressed in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 8,216	\$ 9,073	\$ 9,630	\$ 6,574	\$ 6,142	\$ 6,196	\$ 6,686	\$ 8,397	\$ 10,759	\$ 11,647
Public safety	14,708	17,452	18,513	20,227	20,515	21,539	22,640	24,725	26,458	28,058
Public works	11,282	12,010	12,303	15,054	14,027	14,579	15,115	14,852	13,682	13,765
Culture and recreation	4,660	5,366	6,628	7,898	8,195	7,762	8,488	8,281	8,529	8,268
Interest on long-term debt	4,180	4,543	5,176	5,424	5,318	5,138	4,461	4,317	4,505	4,844
Total governmental activities expenses	\$ 43,046	\$ 48,444	\$ 52,250	\$ 55,177	\$ 54,197	\$ 55,214	\$ 57,390	\$ 60,572	\$ 63,933	\$ 66,582
Business-type activities:										
Water	10,158	11,408	11,140	12,019	11,567	13,112	14,441	15,838	17,308	17,431
Sewer	3,155	3,335	3,360	3,950	4,216	5,246	6,112	4,913	5,730	6,120
Law enforcement center	6,273	7,478	7,484	8,241	8,018	8,373	8,712	9,836	10,070	10,357
Drainage	761	886	846	941	870	863	752	1,103	1,371	1,150
Total business-type activities expenses	20,347	23,107	22,830	25,151	24,671	27,594	30,017	31,690	34,479	35,058
Total primary government expenses	\$ 63,393	\$ 71,551	\$ 75,080	\$ 80,328	\$ 78,868	\$ 82,808	\$ 87,407	\$ 92,262	\$ 98,412	\$ 101,640
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 4,167	\$ 4,241	\$ 4,819	\$ 4,593	\$ 3,659	\$ 4,263	\$ 4,627	\$ 4,993	\$ 4,712	\$ 5,104
Public safety	620	1,368	1,317	1,593	1,747	2,325	2,394	2,789	3,278	3,606
Public works	1,961	2,856	1,529	974	708	1,061	1,610	2,216	4,369	3,216
Culture and recreation	677	1,877	1,619	939	844	779	1,188	1,552	1,935	2,318
Operating grants and contributions	71	339	653	432	613	365	442	187	348	557
Capital grants and contributions	7,871	5,690	4,066	3,495	771	1,125	539	245	11,962	13,380
Total governmental activities program revenues	15,367	16,371	14,003	12,026	8,342	9,918	10,800	11,982	26,604	28,181
Business-type activities:										
Charges for services:										
Water	14,799	12,357	14,060	15,137	14,821	18,144	17,437	19,577	18,365	20,287
Sewer	4,901	5,702	5,045	5,918	6,288	8,250	8,220	8,601	9,267	9,790
Law enforcement center	6,024	7,724	7,261	7,346	6,483	6,697	8,025	9,322	10,114	9,577
Drainage	1,114	1,031	1,075	1,209	1,203	1,352	2,079	1,302	1,310	1,310
Operating grants and contributions	-	-	126	92	-	-	-	505	273	452
Capital grants and contributions	2,426	2,405	1,140	1,910	417	549	239	532	1,701	2,221
Total business-type activities program revenues	29,264	29,219	28,707	31,612	29,212	34,992	36,000	39,839	41,030	43,637
Total primary government program revenues	\$ 44,631	\$ 45,590	\$ 42,710	\$ 43,638	\$ 37,554	\$ 44,910	\$ 46,800	\$ 51,821	\$ 67,634	\$ 71,818

City of Mansfield, Texas
Governmental Activities Tax Revenue By Source
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Mixed Drink Tax</u>	<u>Hotel/Motel Tax</u>	<u>Total</u>
2006	21,334	7,840	2,467	59	87	31,787
2007	23,972	9,259	2,669	74	102	36,076
2008	26,606	10,582	2,849	105	253	40,395
2009	29,004	10,638	3,048	126	387	43,203
2010	30,366	10,718	3,158	118	290	44,650
2011	30,514	10,894	3,514	120	419	45,461
2012	30,823	11,699	3,537	101	508	46,668
2013	31,389	12,196	3,477	107	551	47,720
2014	33,244	13,593	3,659	160	651	51,307
2015	35,307	14,564	3,821	174	717	54,583

City of Mansfield, Texas
Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)
(amounts expressed in thousands)

	2006	2007	2008	2009	2010*	2011	2012	2013	2014	2015
General fund:										
Reserved	\$ 38	\$ 39	\$ 49	\$ 8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	8,473	9,665	4,329	7,179	-	-	-	-	-	-
Nonspendable	-	-	-	-	6	5	34	10	-	-
Assigned	-	-	-	-	-	-	650	-	-	-
Unassigned	-	-	-	-	7,977	9,027	9,887	10,594	11,657	12,020
Total general fund	\$ 8,511	\$ 9,704	\$ 4,378	\$ 7,187	\$ 7,983	\$ 9,032	\$ 10,571	\$ 10,604	\$ 11,657	\$ 12,020
All other governmental funds:										
Reserved	\$ 24,672	\$ 15,134	\$ 18,783	\$ 22,441	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	326	948	1,857	2,315	-	-	-	-	-	-
Nonspendable	-	-	-	-	61	61	61	61	61	61
Restricted	-	-	-	-	15,789	16,789	16,838	15,176	28,068	32,473
Committed	-	-	-	-	2,891	3,224	3,273	2,691	3,219	3,709
Assigned	-	-	-	-	110	124	43	51	160	165
Total all other governmental funds	\$ 24,998	\$ 16,082	\$ 20,640	\$ 24,756	\$ 18,851	\$ 20,198	\$ 20,215	\$ 17,979	\$ 31,508	\$ 36,408

* City implemented GASB Statement No. 54 in Fiscal Year 2010

City of Mansfield, Texas
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$31,601	\$36,179	\$40,297	\$43,208	\$44,650	\$45,343	\$46,546	\$47,696	\$51,372	\$54,495
Licenses and permits	2,356	2,074	1,598	1,118	1,750	2,830	2,264	1,982	1,988	2,037
Intergovernmental	143	109	517	23	350	220	387	131	302	348
Charges for services	2,025	2,614	2,150	2,750	3,075	3,165	3,723	4,594	4,769	5,058
Fines	960	1,036	968	1,046	1,261	1,561	1,746	2,645	2,305	2,552
Interest	1,801	2,353	1,298	148	2	4	16	32	24	27
Contributions and donations	376	443	2,153	432	777	57	54	56	6,546	209
Impact fees	1,728	3,738	2,226	1,305	971	1,509	1,267	1,777	1,935	2,291
Miscellaneous	898	920	2,582	2,717	422	327	1,365	1,299	3,728	2,294
Total revenues	\$41,888	\$49,466	\$53,789	\$52,747	\$53,258	\$55,016	\$57,368	\$60,212	\$72,969	\$69,311
Expenditures										
General government	7,517	8,157	9,061	6,013	5,504	5,519	5,991	7,507	10,461	11,627
Public safety	13,634	15,822	17,672	19,159	19,370	20,513	21,836	23,279	25,417	27,020
Public works	2,628	2,868	2,644	5,559	4,858	4,724	5,161	4,868	3,388	3,603
Culture and recreation	4,024	4,560	5,432	6,118	6,303	6,206	6,941	6,295	6,660	6,375
Capital outlay	20,453	27,080	24,157	13,572	9,552	6,141	10,138	13,738	18,037	21,075
Debt Service:										
Principal	5,245	6,040	5,770	6,165	6,930	7,200	7,950	7,875	8,680	8,255
Interest	4,185	4,502	5,161	5,343	5,474	5,057	4,581	4,362	4,348	4,553
Fiscal charges	-	-	-	-	14	16	600	176	154	708
Bond issuance cost	552	257	414	365	2	288	415	246	256	299
Total expenditures	58,238	69,286	70,311	62,294	58,007	55,664	63,613	68,346	77,401	83,515
Excess of revenues over (under) expenditures	(16,350)	(19,820)	(16,522)	(9,547)	(4,749)	(648)	(6,245)	(8,134)	(4,432)	(14,204)

Transfers-in	3,839	1,977	9,450	1,016	925	1,223	777	2,289	876	1,943
Transfers-out	(3,177)	(729)	(8,307)	(103)	(1,185)	(1,781)	(423)	(2,515)	(65)	(1,024)
Sale of city property	77	-	2	11	-	34	37	314	54	89
Operating Lease	-	-	-	-	-	373	-	-	-	-
Refunding bonds issued	-	-	-	10,400	-	9,730	10,850	7,080	6,710	11,700
Bonds issued	12,345	10,735	14,645	15,435	-	3,090	6,490	5,335	17,755	15,870
Premium on bonds issued	130	265	101	218	-	185	367	932	450	3,997
Discounts on bonds issued	(160)	(127)	(164)	(220)	-	(58)	(112)	(84)	(156)	(169)
Payment to refunded bond escrow agent	-	-	-	(10,385)	-	(9,749)	(10,185)	(7,420)	(6,610)	(12,940)
Total other financing sources (uses)	13,054	12,121	15,727	16,372	(260)	3,047	7,801	5,931	19,014	19,466
Net change in fund balances	\$ (3,296)	\$ (7,699)	\$ (795)	\$ 6,825	\$ (5,009)	\$ 2,399	\$ 1,556	\$ (2,203)	\$ 14,582	\$ 5,262
Debt service as a percentage of non-capital expenditures	25.0%	25.0%	23.7%	23.6%	25.6%	24.8%	23.4%	22.4%	21.9%	20.5%

City of Mansfield, Texas
General Governmental Tax Revenue By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Hotel/Motel Tax	Mixed Drink	Total
2006	21,148	7,840	2,467	87	59	31,601
2007	24,074	9,259	2,669	102	75	36,179
2008	26,507	10,582	2,850	253	105	40,297
2009	29,100	10,639	3,048	295	126	43,208
2010	30,365	10,718	3,159	290	118	44,650
2011	30,514	10,894	3,515	300	120	45,343
2012	30,700	11,700	3,537	508	101	46,546
2013	31,365	12,196	3,477	551	107	47,696
2014	33,309	13,593	3,659	160	651	51,372
2015	35,219	14,564	3,821	717	174	54,495

City of Mansfield, Texas
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended September 30	Estimated Market Value		Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property			
2006	3,161,952,079	386,563,292	506,507,735	3,042,007,636	0.69
2007	3,363,128,663	340,732,813	397,195,436	3,306,666,040	0.69
2008	3,728,211,159	451,982,835	349,439,672	3,830,754,322	0.69
2009	4,085,602,544	403,228,962	390,079,518	4,098,751,988	0.71
2010	4,096,767,192	502,804,565	489,765,181	4,109,806,576	0.71
2011	3,922,110,419	500,107,757	395,212,412	4,027,005,764	0.71
2012	4,366,636,631	510,514,153	480,454,086	4,396,696,698	0.71
2013	4,404,361,995	640,695,688	555,442,336	4,489,615,347	0.71
2014	4,512,982,547	632,347,276	494,913,889	4,650,415,934	0.71
2015	4,766,391,748	733,418,283	542,289,028	4,957,521,003	0.71

Source: Tarrant Appraisal District, Johnson Appriaisal District, and Ellis County Appraisal District

City of Mansfield, Texas
Property Tax Rates

Direct and Overlapping¹ Governments
Last Ten Fiscal Years

Fiscal Year	City of Mansfield, Texas			Overlapping Rates								Total Direct and Overlapping Rates
	Debt Service Millage			Counties ¹		School District						
				Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage	Special Districts		
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage	Special Districts		
2006	0.404	0.286	0.690	0.883	0.090	0.973	1.407	0.365	1.772	0.375	3.810	
2007	0.399	0.291	0.690	0.855	0.138	0.993	1.288	0.400	1.688	0.375	3.746	
2008	0.410	0.280	0.690	0.834	0.150	0.984	1.040	0.410	1.450	0.402	3.526	
2009	0.486	0.224	0.710	0.865	0.113	0.978	1.040	0.410	1.450	0.386	3.524	
2010	0.444	0.266	0.710	0.841	0.112	0.953	1.040	0.456	1.496	0.386	3.545	
2011	0.457	0.253	0.710	0.843	0.109	0.952	1.040	0.456	1.496	0.397	3.555	
2012	0.454	0.256	0.710	0.816	0.161	0.977	1.040	0.500	1.540	0.397	3.624	
2013	0.451	0.259	0.710	0.914	0.101	1.015	1.040	0.500	1.540	0.397	3.662	
2014	0.463	0.248	0.710	0.937	0.112	1.049	1.040	0.487	1.527	0.397	3.683	
2015	0.471	0.239	0.710	0.943	0.107	1.049	1.040	0.487	1.527	0.377	3.664	

¹ Overlapping rates are those of local and county governments that apply to property owners within the City of Mansfield, Texas. Not all overlapping rates apply to all City of Mansfield, Texas property owners (e.g., the rates for the special districts and counties apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district and county. The City of Mansfield, Texas is located within three separate counties, Tarrant, Johnson, and Ellis.)

Source:
Tarrant County Appraisal District
Ellis County Appraisal District
Johnson County Appraisal District

City of Mansfield, Texas
Principal Property Taxpayers
As of September 30, 2015
(amounts expressed in thousands)

Taxpayer	2015			2006		
	Taxable	Rank	Percentage of	Taxable	Rank	Percentage of
	Assessed		Total Taxable	Assessed		Total Taxable
	Value		Value	Value		Value
Mouser Electronics	\$ 222,103,205	1	4.20%			
Mansfield KDC III LP Etal	65,196,357	2	1.23%			
Klein Tools Inc.	56,712,066	3	1.07%			
Mid-America Apartments LP	55,480,000	4	1.05%			
Advenir @ Mansfield LLC	37,476,000	5	0.71%			
Wal-Mart Stores Inc.	36,285,764	6	0.69%	25,422,845	2	0.84%
Oncor Electric Delivery Co	34,596,412	7	0.65%	26,702,961	1	0.88%
Sir Mansfield Landing LLC	32,350,000	8	0.61%			
T Villas Di Lucca TX LLC	29,429,325	9	0.56%			
Advenir @ Walnut Creek LLC	26,174,518	10	0.50%			
Inland Western Mansfield LP	-		-	19,967,700	3	0.66%
Target Corporation	-		-	17,344,778	4	0.57%
Mansfield Kdc Ii Lp	-		-	16,800,887	5	0.55%
Pier One Imports of Texas	-		-	16,036,777	6	0.53%
Spyglass of Mansfield Ltd.	-		-	15,828,070	7	0.52%
Mansfield Commons Ltd.	-		-	13,823,895	8	0.45%
Lowe's Home Centers Inc.	-		-	13,160,095	9	0.43%
F S Towne Crossing LP	-		-	12,998,914	10	0.43%
Total	<u>\$ 595,803,647</u>		<u>11.27%</u>	<u>\$ 178,086,922</u>		<u>5.86%</u>

Source: Tarrant Appraisal District

City of Mansfield, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections for Prior Years ⁽¹⁾	Total Collections to Date		Accumulated Delinquent Taxes	Percentage of Levy
		Amount	Percentage of Levy		Amount			
2006	20,973	20,846	99.4%	446	21,292	36		101.5%
2007	22,816	22,959	100.6%	481	23,440	39		102.7%
2008	26,425	25,870	97.9%	433	26,303	33		99.5%
2009	29,289	29,100	99.35%	415	29,515	55		100.8%
2010	30,541	30,159	98.75%	378	30,537	102		100.0%
2011	30,380	30,093	99.06%	394	30,487	87		100.4%
2012	31,049	30,709	98.90%	230	30,939	102		99.6%
2013	31,578	31,353	99.29%	262	31,615	120		100.1%
2014	32,910	32,698	99.36%	193	32,891	212		99.9%
2015	34,735	34,642	99.73%	-	34,642	93		99.7%

(1) - Information was not available from Tarrant Appraisal District for collections in subsequent years. Thus, the amount shown is actual delinquent property taxes collected during the fiscal year.

City of Mansfield, Texas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities			Business-Type Activities						Total Primary Government	Percentage of Personal Income ¹	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Water/Sewer Revenue Bonds	Drainage Revenue Bonds	Utility Revenue Bonds	Certificate Obligation Bonds						
2006	82,190	11,695	30,785	4,730	3,565			132,965	8.30%	2,446		
2007	85,200	13,380	33,815	6,740	3,255			142,390	8.32%	2,452		
2008	91,825	15,630	30,560	6,470	3,715			148,200	8.70%	2,565		
2009	102,235	14,780	54,350	6,195	3,350			180,910	10.62%	3,089		
2010	96,195	13,890	54,090	5,910	2,960			173,045	9.96%	2,936		
2011	93,210	12,965	56,840	5,615	2,535			171,165	10.03%	2,955		
2012	93,200	12,180	56,405	5,465	2,090			169,340	10.00%	2,945		
2013	91,070	11,430	52,705	5,105	1,625			161,935	9.67%	2,848		
2014	101,030	10,645	48,885	4,735	1,135			166,430	9.94%	2,928		
2015 ²	119,774	9,784	45,874	4,377	1,467			181,276	9.88%	2,912		

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ See the schedule of demographic and economic statistics on page for personal income and population data.

² Amount represents total outstanding debt net of premiums, discounts and adjustments

City of Mansfield, Texas
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2006	82,190	733	81,457	2.68%	1,498
2007	85,200	1,363	83,837	2.54%	1,496
2008	91,825	2,307	89,518	2.43%	1,567
2009	102,235	1,064	101,171	2.47%	1,742
2010	96,195	1,207	94,988	2.31%	1,611
2011	93,210	902	92,308	2.29%	1,566
2012	93,200	669	92,531	2.10%	1,609
2013	91,070	596	90,474	2.06%	1,574
2014	101,030	856	100,174	2.28%	1,742
2015 ¹	119,774	726	119,048	2.24%	1,913

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ Amount represents total outstanding debt net of premiums, discounts and adjustments

City of Mansfield, Texas
Direct and Overlapping Governmental Activities Debt
As of September 30, 2015
(amounts expressed in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Mansfield Independent School District	\$ 788,320,000	46.43%	\$366,016,976
Midlothian Independent School District	238,328,978	9.58%	22,831,916
Johnson County	12,815,898	1.93%	247,347
Ellis County	45,821,262	0.14%	64,150
Tarrant County	333,795,000	3.48%	11,616,066
Tarrant County Hospital District	23,440,000	3.48%	815,712
Subtotal, overlapping debt			401,592,167
City of Mansfield, Texas direct debt			129,577,952
Total direct and overlapping debt			\$531,170,119

Sources:

FSC Disclosure Services (Division of First Southwest)

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Mansfield, Texas. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping government.

City of Mansfield, Texas
Legal Debt Margin Information
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Annual Debt Limit	\$ 45,630,115	\$ 49,599,991	\$ 61,481,280	\$ 61,481,280	\$ 61,647,099	\$ 60,405,087	\$ 65,950,450	\$ 67,344,230	\$ 69,756,239	\$ 74,362,815
Total net debt payment applicable to limit	9,933,090	11,045,973	11,461,010	12,074,192	12,971,729	12,825,195	13,101,663	12,957,138	13,604,515	12,115,455
Legal debt margin	\$ 35,697,025	\$ 38,554,018	\$ 50,020,270	\$ 49,407,088	\$ 48,675,370	\$ 47,579,892	\$ 52,848,787	\$ 54,387,092	\$ 56,151,724	\$ 62,247,360
Total net debt applicable to the limit as a percentage of debt limit	2177%	22.27%	18.64%	19.64%	17.83%	21.23%	19.87%	19.24%	19.50%	16.29%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed Value	\$ 4,957,521,003
Debt limit (\$1.50 of assessed value)	74,362,815
Annual Debt Payments applicable to limit:	
General obligation bonds	12,115,455
Annual legal debt margin	\$ 62,247,360

The City Charter of the City of Mansfield, Texas and the statutes of the State of Texas do not prescribe a legal debt limit. However, Article XI, Section 5 of the Texas Constitution, applicable to cities of more than 5,000 population limits the ad valorem tax rate to \$2.50 per \$100 of assessed valuation. The Attorney General of the State of Texas has further defined the debt limit of applicable cities to be a \$1.50 per \$100 of assessed valuation.

City of Mansfield, Texas
Pledged-Revenue Coverage
Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	Water and Sewer Revenue Bonds						Drainage Revenue Bonds						
	Charges and Other	Less:		Net		Coverage	Charges and Other	Less:		Net			
		Operating Expenses	Debt Service	Available Revenue	Principal			Interest	Operating Expenses	Debt Service	Available Revenue	Principal	Interest
2006	20,536,694	10,038,359	10,498,335	2,850,000	1,252,033	2.56	1,114,103	534,478	579,625	185,000	199,433	1.51	
2007	19,188,996	10,837,689	8,351,307	2,970,000	1,343,718	1.94	1,186,718	543,033	643,685	190,000	260,747	1.43	
2008	19,105,084	10,461,808	8,643,276	3,255,000	1,292,141	1.90	1,200,862	462,402	738,460	270,000	281,721	1.34	
2009	21,151,621	11,916,708	9,234,913	2,395,000	2,195,165	2.01	1,317,815	561,370	756,445	275,000	273,753	1.38	
2010	21,158,866	11,543,411	9,615,455	2,845,000	2,680,830	1.74	1,202,606	491,966	710,640	285,000	264,753	1.29	
2011	26,398,502	12,445,314	13,953,188	3,600,000	2,711,369	2.21	1,354,035	484,436	869,599	295,000	254,890	1.58	
2012	25,681,367	14,034,447	11,646,920	3,600,000	2,705,582	1.85	1,260,527	503,105	757,422	385,000	138,398	1.45	
2013	28,220,877	14,288,287	13,932,590	3,700,000	2,611,729	2.21	1,807,772	797,607	1,010,165	360,000	165,670	1.92	
2014	27,654,657	16,744,588	10,910,069	3,820,000	2,493,316	1.73	1,582,812	1,084,682	498,130	370,000	156,670	0.95	
2015	30,093,927	17,096,059	12,997,868	4,095,000	2,183,331	2.07	1,761,901	863,088	898,813	375,000	147,370	1.72	

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements.
Charges and other include investment earnings. Operating expenses do not include interest or depreciation.

City of Mansfield, Texas
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population ¹	Personal Income (amounts expressed in thousands)	Per Capita Personal Income ²	Median Age ²	School Enrollment ³	Unemployment Rate ⁴
2006	49,000	1,443,825	29,466	32.30	27,500	3.8
2007	51,300	1,520,433	29,638	31.80	27,940	3.9
2008	53,200	1,576,745	29,638	31.80	29,324	4.4
2009	55,950	1,481,466	26,478	31.80	31,680	7.2
2010	56,368	1,492,534	26,478	31.80	31,226	7.1
2011	56,850	1,505,296	26,478	31.80	32,638	6.5
2012	57,494	1,704,065	29,639	32.06	32,577	6.0
2013	58,106	1,717,276	29,554	32.30	32,732	4.9
2014	59,230	1,890,450	31,917	32.30	32,778	5.1
2015	60,180	1,920,771	31,917	32.30	33,394	5.1

¹Estimated Population - City's Planning Department

²Mansfield Economic Development Corporation

³Mansfield Independent School District

⁴Texas Workforce Commission

City of Mansfield, Texas
Principal Employers
Current Year and Ten Years Ago

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Mansfield Independent School District	4,228	1	13.34%	2,089	1	6.59%
Mouser Electronics	1,300	2	4.10%	275	5	0.87%
Methodist Mansfield Medical Center	735	3	2.32%	-		0.00%
City of Mansfield, Texas	528	4	1.67%	455	2	1.44%
Walmart	400	5	1.26%	400	3	1.26%
Pier 1 Distribution Center	300	6	0.95%	-		0.00%
Target	250	7	0.79%	-		0.00%
Klein Tools	205	8	0.65%	-		0.00%
Hoffman Cabinets	200	9	0.63%	-		0.00%
Lifetime Fitness	200	9	0.63%	-		0.00%
SJ Louis Construction of TX	200	9	0.63%	-		0.00%
Tarrant County	199	10	0.63%	-		0.00%
Simeus Foods				375	4	1.18%
Kindred Care				150	6	0.47%
Trinity Forge				143	7	0.45%
RMD				125	8	0.39%
Martin Conveying Machinery				120	9	0.38%
Conveyos Inc.				115	10	0.36%
	<u>8,745</u>		<u>27.60%</u>	<u>4,247</u>		<u>13.39%</u>

City of Mansfield, Texas
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	23	24	30	30	30	30	31	31	31	31
Public Safety:										
Police	100	104	115	114	114	113	115	121	126	129
Fire	71	77	81	81	81	81	83	83	83	83
Public Works	49	51	52	56	56	58	57	57	56	55
Culture and Recreation	57	59	62	56	56	56	55	55	63	65
Water and Sewer	52	52	52	52	52	52	52	52	51	51
Law Enforcement Center	97	107	113	113	113	114	109	109	111	111
Drainage Utility	5	7	3	3	3	3	3	3	3	3
Total	454	480	508	505	505	507	505	511	524	528

Source: City Budget Office

City of Mansfield, Texas
Operating Indicators by Function
Last Ten Fiscal Years

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police:										
Physical arrests	2,582	1,860	2,385	2,821	3,050	3,050	2,236	1,646	2,171	2,641
Accidents	710	819	852	751	825	837	837	909	861	820
Traffic violations	10,497	8,868	7,886	8,280	7,638	9,579	10,537	10,571	9,926	8,500
Fire:										
Number of calls answered	5,717	6,919	7,848	7,121	7,103	7,084	7,110	7,911	8,704	8,625
Inspections	1,218	1,340	1,254	1,886	1,998	2,305	2,850	2,008	2,850	3,125
Public Works:										
Street resurfacing (miles)	3.5	3.0	2.5	2.0	2.1	2.0	2.2	2.2	2.2	2.2
Asphalt overlays (square feet)	42,971	42,971	42,971	42,971	42,971	42,971	42,971	42,971	42,971	42,980
Culture and recreation:										
Sports association participants	14,000	14,700	14,700	13,800	9,086	7,235	7,445	7,235	7,770	7,950
MAC rentals	576	600	600	540	660	660	660	540	600	700
Water:										
New connections	755	550	469	400	300	255	343	419	333	465
Water main breaks	101	87	80	87	39	76	61	66	48	48
Average daily consumption (thousands of gallons)	9,388	8,185	9,771	9,937	8,987	11,793	11,944	10,667	9,278	9,657
Sewer:										
Average daily sewage treatment (thousands of gallons)	5,161	5,262	5,179	5,529	5,717	5,167	5,984	5,450	5,156	5,964
Public Safety:										
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	49	56	54	54	55	52	44	42	42	43
Fire stations	3	3	3	4	4	4	4	4	4	4

Public Works:											
Streets miles maintained	240	245	245	245	245	243	242	242	242	248	248
Miles of water and sewer lines	493	511	539	539	539	534	553	554	554	538	577
Calls for service	4,815	4,725	3,880	4,200	3,885	5,710	4,700	4,700	4,700	4,820	4,105
Culture and recreation:											
Parks acreage	603	603	738	755	738	760	738	738	738	830	830
Parks	12	12	12	12	12	13	13	13	13	14	15
Tennis courts	1	1	1	1	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1	1	1	1	1
Water:											
Water mains (miles)	266	266	268	268	296	287	292	296	296	292	310
Fire hydrants*	1,967	2,097	2,201	2,201	2,207	2,207	2,207	2,207	2,207	2,207	1,250
Maximum daily capacity (thousands of gallons)	30,000	45,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000	57,000
Sewer:											
Sanitary sewer mains (miles)	239	280	282	286	296	257	261	261	261	264	267
Sewer lines repairs	162	199	83	54	43	23	23	64	64	26	25
Maximum daily treatment capacity (thousands of gallons)	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Law Enforcement Center: @											
Average Daily Inmate Population	-	-	-	-	225	213	192	242	242	410	365
Average Daily Meals Served	-	-	-	-	675	639	576	726	726	1,230	1,095
Drainage Utility: #											
Vegetation Control (acres)	-	-	-	-	-	-	56	56	56	56	56
Ditch & Channel Maintenance (miles)	-	-	-	-	-	-	11	13	13	13	13
Box Culverts Cleaned (feet)	-	-	-	-	-	-	10,072	10,072	10,072	10,072	10,500

Source: City Budget Office

(-) indicates that the information was not available.

*Updated 2008 GIS system.

@ - Implemented Fiscal Year 2010

- Implemented Fiscal Year 2012

